

UNITED NATIONS PEACE BOND

GOVERNMENT

Storage

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

EIGHTY-SEVENTH CONGRESS

SECOND SESSION

ON

S. 2818

A BILL TO PROVIDE AN OPPORTUNITY FOR THE PUBLIC
TO GIVE SUPPORT TO THE UNITED NATIONS THROUGH
THE PURCHASE OF U.S. TREASURY BONDS WHICH
ARE TO BE ISSUED UNDER THE TITLE OF
UNITED NATIONS PEACE BONDS

JULY 12, 1962

Printed for the use of the Committee on Foreign Relations



U.S. GOVERNMENT PRINTING OFFICE

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UNITED NATIONS PEACE BONDS

THURSDAY, JULY 12, 1962

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The committee met, pursuant to notice, at 10:05 a.m., in room 4221, New Senate Office Building, Senator John Sparkman presiding.

Present: Senators Sparkman, Humphrey, Morse, Hickenlooper, and Capehart.

Senator SPARKMAN. Let the committee come to order, please. We expect other Senators to come in, but I think we had better get started.

The Committee on Foreign Relations today is holding a public hearing on S. 2818 as revised, a bill to provide an opportunity for the public to give support to the United Nations through the purchase of U.S. Treasury bonds which are to be issued under the title of United Nations Peace Bonds.

The committee is also prepared to consider related proposals submitted by other Members of the Senate.

S. 2818 was introduced by Senator Clark on February 7 for himself and eight cosponsors.

Following the receipt of comments from the executive agencies on the proposal as introduced, the bill was substantially revised on April 5.

I understand that the amended version of S. 2818, which is before us today, has the full support of the Department of State.

(S. 2818, as revised, is as follows:)

[S. 2818, 87th Cong., 2d sess.]

A BILL To provide an opportunity for the public to provide support for the activities of the United Nations by the Purchase from the Treasury of United Nations Peace Bonds and to authorize the issuance of such bonds

Be it enacted by the Senate and House of Representatives of the United States in Congress assembled, (a) For the purpose of providing an opportunity for the public to provide support for the activities of the United Nations, the Secretary of the Treasury is authorized and directed for a period of 5 years following the date of enactment of this Act to issue special obligations of the United States, designated as 'peace bonds', under section 22 of the Second Liberty Bond Act, as amended, except that peace bonds shall mature not more than 25 years from the date of issue, and shall be issued on a discount basis to afford an investment yield not in excess of 2 per centum per annum when held to maturity. The total amount of peace bonds outstanding at any time shall not exceed a face value of \$100,000,000. The bonds shall be redeemable at any time in accordance with a preassigned schedule of values. The Treasury Department shall make peace bonds available for purchase through the same market channels as savings bonds, but the Department shall not undertake any promotional efforts on behalf of the peace bonds.

(b) Peace bonds shall have a face value of \$25, \$50, \$100, \$500, \$1,000 when held to maturity. No person or business entity may purchase or hold peace bonds with a face value in excess of \$10,000.

(c) Amounts realized by the Secretary of the Treasury from the sale of peace bonds shall be deposited in a special fund in the Treasury, and shall be available for use by the President of the United States in support of the activities of the United Nations.

Senator SPARKMAN. Senator Clark is scheduled to be the first witness this morning.

I believe he will be followed by the Under Secretary of State for Political Affairs, George C. McGhee, representing the executive branch, and it is my understanding that there are at least four public witnesses who wish to offer testimony on the bill.

Senator Clark, we are glad to have you, and you may proceed in your own way.

STATEMENT OF HON. JOSEPH S. CLARK, U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Senator CLARK. Mr. Chairman, thank you very much.

I would like to express my thanks to you and the other members of the committee who have been willing to schedule this hearing on my bill, which I hasten to add has been cosponsored by Senators Douglas, Hart, Humphrey, Oren Long, Neuberger, Smith, Harrison Williams, and Stephen Young.

A companion bill has been introduced in the House by Congressman Kowalski of Connecticut.

May I briefly sketch the legislative history of this bill.

LEGISLATIVE HISTORY OF THE BILL

It was originally prepared as an amendment to the bill which the Senate passed authorizing the President to loan up to \$100 million to help the United Nations out of its present financial crisis.

I had intended to press it as an amendment to that bill, but at the request of both the administration and the leadership, I did not bring the amendment forward because it was felt that such an amendment would be widely misconstrued as being tied to the specific question of the authorization of the \$100 million to help rehabilitate the finances of the U.N.

That was not my intention.

The administration was concerned, and so was the leadership, lest a vote on my amendment would, in the colloquial phrase, "rock the boat."

At that time in conversations with the chairman of the Foreign Relations Committee I agreed not to press the amendment on the floor, and I was given the courtesy of a commitment that we would have this hearing today.

THE UNITED NATIONS AND PUBLIC OPINION

Mr. Chairman, I think many Members of the Congress are laboring under a delusion with respect to public opinion in regard to the United Nations. In my opinion, the overwhelming majority of the people of

the United States are strongly in support of the United Nations, and most anxious to have the Government of the United States act to strengthen the United Nations.

Again, in my opinion, there is a small and highly vocal group in this country, living in the political and sociological past, who think that political profit can be obtained by attacking the United Nations and the President's policy of international cooperation on the ground that this is an effort of internationalism that is unpatriotic and it should be abhorred and opposed.

Nothing, I think, is further from the truth. I call to the committee's attention a Gallup poll taken earlier this year, which showed that 83 percent of the people think it is very important that we try to make the United Nations a success.

A POLL OF PUBLIC OPINION IN PENNSYLVANIA

I took a random-based mail poll in Pennsylvania 3 months ago. I thought it important to find out the real opinion of the people of my State in regard to the U.N., and with the advice of experienced samplers of public opinion, I mailed a poll on foreign policy and related issues to an objectively prepared list of 10,000 Pennsylvania voters.

The percentage of answers received which approached 20 percent was a good deal higher than is usually obtained in mail polls on such issues.

The answers showed a very large majority favoring strong efforts by our Government to seek international solutions to outstanding world problems.

Indeed, it satisfied me that the public opinion in my State was far ahead of prevailing political views.

For example, with respect to the United Nations, 87 percent of those answering favored U.S. efforts in varying degrees to strengthen the U.N.

Thirty-four percent indicated that the United States should work to change the United Nations into—

an international governmental organization of all countries, with authority to keep the peace through a system of enforceable world law against aggression, binding on all nations and all people.

Only 13 percent of those answering advocated U.S. withdrawal from the United Nations if Communist China were admitted to membership.

Mr. Chairman, I ask permission to insert in the record a statement summarizing the poll and a second statement giving the detailed answers to the six questions which were asked.

Senator SPARKMAN. Without objection, that will be done.

(The documents referred to are as follows:)

[For release Sunday, April 15, 1962. From the office of Senator Joseph S. Clark, Democrat, of Pennsylvania]

Senator Joseph S. Clark, Democrat, of Pennsylvania, announced today the results of a random-based mail opinion poll on foreign policy and related issues taken in Pennsylvania during the last 4 weeks.

"The answers given show a large majority favor strong efforts by our Government to seek international solutions to outstanding world problems," Senator Clark stated. "Indeed, it would appear that public opinion is far ahead of prevailing political views in several key areas."

The principal findings of the poll can be summarized under four different headings.

(1) *United Nations*.—An overwhelming 87 percent favor U.S. efforts of varying degrees to strengthen the United Nations. Of this group, 34 percent believe "the United States should work to change the U.N. into an international governmental organization of all countries with authority to keep the peace through a system of enforceable world law against aggression, binding on all nations and all people." Only 13 percent advocate U.S. withdrawal from the U.N. if Communist China were admitted to membership. (Questions 3 and 6.)

(2) *Disarmament and arms control*.—A 55-percent majority support a policy of negotiating with the Communists from a position of strength "to achieve general worldwide disarmament under adequate international controls and a strengthened U.N. capable of keeping the peace." Another 11 percent favor East-West negotiations to achieve arms control agreements. Only 18 percent knew the name of the new U.S. Arms Control and Disarmaments Agency. (Questions 1 and 5.)

(3) *Nuclear testing*.—Eighty-three percent favor U.S. resumption of nuclear tests in the atmosphere in view of the Soviet test series last fall and the continuing deadlock in negotiations to achieve a controlled ban on test. (Question 2.)

(4) *Civil defense*.—The administration's civil defense program is opposed as "unwise" by 45 percent of those answering the Clark questionnaire on the ground that "civil defense cannot provide any real protection against nuclear attack." Only 17 percent think the program "sound," while 15 percent think it "inadequate" and favor doing more. (Question 4.)

Senator Clark said that "every effort was made to make the poll reflect prevailing opinion in Pennsylvania." A proportionate number of questionnaires was sent to each of the 67 counties in the State and alternate male and female listings were chosen at random from telephone directories covering the State. Clark said that he was "highly gratified" that 16 percent of the 10,000 questionnaires mailed had been filled out and returned—an unusually high percentage for polls taken by mail.

The text of the questionnaire, showing the tabulated results, is attached.

RESULTS OF QUESTIONNAIRE SENT BY SENATOR JOSEPH S. CLARK, DEMOCRAT, OF PENNSYLVANIA, TO 10,000 PERSONS IN PENNSYLVANIA ON MARCH 10, 1962

1. Which policy do you think the United States should follow? (Check one.)

(1) Prepare to launch preventive war to defeat the Communists—73 (4.55 percent).

(2) Continue to build up U.S. armed strength to maintain balance with or superiority over the Communists in order to deter or meet with force any Communist attack—384 (23.96 percent).

(3) Maintain balance of forces with the Communists but try to negotiate arms control agreements with them to insure that the balance of forces is preserved and to reduce dangers of surprise attack—175 (10.92 percent).

(4) Maintain balance of forces with the Communists but try to negotiate agreement with them to achieve general worldwide disarmament under adequate international controls (and a strengthened United Nations capable of keeping the peace)—888 (55.40 percent).

(5) Try to reverse the arms race by disarming in part now without trying to negotiate a disarmament agreement, and urge the Communists to do likewise—36 (2.25 percent).

(6) Other (spell out)—43 (2.68 percent).

(7) Haven't made up my mind—4 (0.25 percent).

Total, 1,603.

2. In view of the recent nuclear weapons test in the atmosphere by the U.S.S.R., the deadlock in East-West test ban negotiations, and continuing U.S. underground nuclear tests, which policy do you favor? (Check one.)

(1) U.S. resumption of atmospheric nuclear tests to improve existing weapons—513 (30.16 percent).

(2) U.S. resumption of atmospheric nuclear tests only if necessary to develop important new weapons, such as the antimissile missile—904 (53.15 percent).

(3) Continued U.S. underground nuclear testing, but no testing in the atmosphere for any purpose—140 (8.23 percent).

- (4) Discontinuation of all U.S. nuclear weapons tests—81 (4.76 percent).
 - (5) Other (spell out)—50 (2.94 percent).
 - (6) Haven't made up my mind—13 (0.76 percent).
- Total, 1,701.

3. Which policy toward the United Nations do you favor? (Check one.)

- (1) The United States should withdraw from the U.N.—52 (3.26 percent).
 - (2) The United States should stay in the U.N. but place decreasing importance on membership, because the U.N. is too weak and divided to keep the peace—111 (6.95 percent).
 - (3) The United States should continue to work through the U.N. as it does today and try to improve gradually the U.N.'s existing machinery for the peaceful settlement of disputes—466 (29.20 percent).
 - (4) The United States should attempt through amendment of the present U.N. Charter or otherwise to give the U.N. additional authority to prevent war by peaceful means, or by force if necessary—381 (23.87 percent).
 - (5) The United States should work to change the U.N. into an international governmental organization of all countries with authority to keep the peace through a system of enforceable world law against aggression, binding on all nations and all people—538 (33.71 percent).
 - (6) Other (spell out)—41 (2.57 percent).
 - (7) Haven't made up my mind—7 (0.55 percent).
- Total, 1,596.

4. The administration has proposed that the Federal Government encourage and finance construction and stocking of a \$5 billion community fallout shelter program to provide 220 million fallout shelter spaces by 1967 (70 million spaces in the coming year at a cost of \$700 million). Fallout shelters offer protection against radiation fallout outside the blast area of the nuclear explosion, but they will not protect against blast effects (impact, fire, heat, etc.). What is your view about this proposal? (Check one.)

- (1) Administration program is sound—276 (17.40 percent).
 - (2) Administration program is inadequate and a much greater civil defense effort should be made—231 (14.56 percent).
 - (3) Administration program is unwise because civil defense cannot provide any real protection against nuclear attack—716 (45.15 percent).
 - (4) Other (spell out)—221 (13.93 percent).
 - (5) Haven't made up my mind—142 (8.95 percent).
- Total, 1,586.

5. Is there a special office in the executive branch of the Federal Government concerned primarily with disarmament and arms control? (Check one.)

- (1) Yes (name of office, 77 (18.20 percent)—423 (29.38 percent).
 - (2) No—206 (14.31 percent).
 - (3) Don't know—811 (56.32 percent).
- Total, 1,440.

6. Should the Communist Chinese participate in disarmament or arms control negotiations between the United States, the U.S.S.R., and other countries? Yes, 747 (52.75 percent); no, 600 (42.37 percent); no opinion, 69 (4.87 percent); total, 1,416.

(b) If Communist China is admitted to the United Nations, should the United States leave the U.N.? Yes, 196 (13.43 percent); no, 1,226 (84.03 percent); no opinion, 37 (2.54 percent); total, 1,439.

PURPOSE OF THE BILL

Senator CLARK. In that background, Mr. Chairman, I approach the present rather innocuous little bill. The purpose of this bill, which, you will see, is only three short paragraphs in length, is to provide an opportunity for the citizens of the United States to provide support for the activities of the United Nations.

It authorizes the Secretary of the Treasury to issue for a period of 5 years special obligations to be designated as "peace bonds."

These bonds are to bear an interest rate not in excess of 2 percent when held to maturity. They are to mature in not more than 25 years.

The total amount of the issue shall not exceed \$100 million.

The Treasury is asked to make these bonds available for purchase through the same market channels as savings bonds, but the Department is forbidden to undertake any promotional efforts on behalf of the bonds.

Like the savings bonds, these peace bonds will be issued in small denominations, \$25, \$50, \$100, \$500, and \$1,000, and there is a limit on the amount any individual or any business entity or corporation can hold of \$10,000.

The amounts to be realized by the Secretary of the Treasury are to be deposited in a special fund of the Treasury and to be available for use by the President in support of the activities of the United Nations.

PSYCHOLOGICAL EFFECT OF THE PEACE BONDS

I would like to comment on a couple of facts.

First that, in my judgment—and I believe this will be supported by other witnesses—these bonds will find a ready market. No one can tell until they are issued. If they do find a ready market, this, I believe, will give great psychological support to the policies of the President of the United States toward the U.N., and broaden and strengthen support of the U.N. throughout the country.

If they do not find a ready market, not much harm is done. They just will not sell many of these bonds. I do not believe that anybody could effectively urge the fact that these bonds were not sold in large amounts as a reason for downgrading the policy of the United States toward the United Nations.

Therefore, in my opinion, we have an opportunity here to make a perceptible impact on popular opinion in support of the President's U.N. policy, without taking any substantial risk in the event the bonds do not go over very well.

INTEREST RATE AT 2 PERCENT

Now, we have deliberately set the interest rate at 2 percent, which is far lower than the interest rate on savings bonds, and substantially lower than the interest rate on normal, long-term Government obligations.

We have done this because we want to show that there are enough people in the United States interested in the United Nations to be willing to subscribe at a lower rate of interest than they could get for almost any other sound investment, including U.S. Government savings bonds or other obligations, as concrete evidence of their support for the U.N. policies of the President of the United States, and the United Nations itself.

We did not want this to be an ordinary investment, and, accordingly, we set the interest rate low, but we did provide some return on investment because we did not want to put this on a purely gift basis. We felt that a 2-percent interest rate is just about the right place to fix this, to induce the greatest support for the U.N. without leveling what might be charged: That this is merely another kind of Government security and the fact that people bought it does not indicate any particular support for the U.N.

AN OPPORTUNITY FOR CITIZENS OF THE UNITED STATES TO LEND DIRECT SUPPORT TO THE U.N.

Now, as will appear from the testimony of the Under Secretary of State, gifts are presently being sent to the United States for the purpose of assisting its efforts to strengthen the U.N.

We thought it was wiser to make this a regular issue which goes out through the same public channels that the savings bonds are promoted on, so that these bonds could be made available at banks and trust companies, and readily available to the public, but with no organized propaganda effort by the U.S. Government to sell them.

I would rely on the voluntary nongovernmental organizations, some of whom are here today to testify, to promote the sale of these bonds, and I think that if the U.S. Government does not actively promote them, this is a good thing, because then this leaves public opinion as the criterion.

This is the justification for the way in which the issue is proposed to be set up.

At present, there is no effective, tangible way in which support for the United Nations can be expressed. Money gifts sent to the U.N. general treasury, and there have been many, merely result in the automatic reduction of the regular dues of the government of the donor country.

This bill would make it possible for the first time for citizens of the United States to lend direct effective and tangible support to the United Nations.

I think, Mr. Chairman, that is about all I care to say.

Senator SPARKMAN. Thank you.

Senator MORSE?

Senator MORSE. Just a few questions, Senator Clark.

You touched on my first questions, but I would like to have you expand on it a bit.

RISK OF DAMAGE TO U.S. POLICY

Is there not a real risk that the U.S. policy of support for the United Nations may be damaged rather than aided if there is a minimal public response to this offer of peace bonds?

Senator CLARK. I do not think so, Senator Morse. One has to take some kind of calculated risk in these efforts. I have endeavored to sound out, as best I can, the views of the very fine nongovernmental institutions which are supporting the U.N.

They feel confident that they are going to be able to get these bonds sold.

I think they are right.

My poll would indicate they are right. The Gallup poll would indicate they are right.

And I say, as I said earlier, that I think the calculated risk is rather minimal.

If the bonds should not succeed, it might give the opponents of the U.N. one more talking point, but I don't think they could make much capital out of it in view of the very low rate of return provided on

the bonds in comparison to other investments. I don't believe this would have a really perceptible effect. Whereas, if the bonds succeed, I think it would be most effective in molding public opinion in support of the U.N. and in molding congressional opinion among those Members who rather doubt whether they can afford politically to support the United Nations.

This must be a question of judgment, I agree.

PURCHASE OF PEACE BONDS BY CITIZENS OF FOREIGN GOVERNMENTS

Senator MORSE. Can these bonds be purchased by citizens of other countries?

Senator CLARK. To the same extent, I guess, that U.S. savings bonds can be purchased by foreigners. It would be pretty hard for citizens of other countries or foreign governments to come in and buy them as a concentrated effort. As I pointed out earlier there is a \$10,000 limit provided in the bill for individual holdings.

Senator MORSE. I was thinking about the citizens of France, England, West Germany, or any other country, not the governments.

Senator CLARK. Without purporting to be an expert on the views of the citizens of France, I cannot see too many French citizens coming in and buying U.S. bonds at 2 percent when they could buy U.S. savings bonds for 3½ percent.

Senator MORSE. That may be, but I see nothing in the bill that would seem to limit it to citizens of the United States.

Senator CLARK. You are right.

I would have no objection to writing in such a provision. I do not think it is necessary, but I certainly would not object.

Senator MORSE. I am not suggesting it. I am just raising a question for clarification as to whether or not citizens of other countries could buy them.

Senator CLARK. To recapitulate I would say that citizens of other countries would be as free to buy peace bonds as they are free to buy other obligations of the Government of the United States.

PURCHASE OF PEACE BONDS BY NONPROFIT ORGANIZATIONS IN MEMBER COUNTRIES

Senator MORSE. Under the General Assembly resolution authorizing the issuance of bonds, the United Nations Secretary General, with the concurrence of the Advisory Committee on Administrative and Budgetary Questions may decide to offer the bonds to nonprofit institutions or associations in the member countries.

Would you consider the absence of such a determination to mean that the Secretary General believes that the responsibility for the governments of member countries to finance the United Nations should not be diminished?

Senator CLARK. I am afraid I am not in a position to answer that question, Senator Morse, because I am not familiar with the resolution.

I would say only that I hope very much that this particular bill would be completely divorced from any other action by our Government in support of any United Nations activity. It is certainly not my intention that this should be tied in any way to anything which

the Secretary General may do, whether or not I happen to approve the particular action.

Senator MORSE. Mr. Chairman, I am going to ask counsel to give this question to Secretary McGhee so he can study it before taking the stand.

I think he is the one that ought to answer it, anyway.

DISPOSITION OF THE PROCEEDS OF PEACE BONDS

The State Department comments of April 3 note that if peace bonds are to be purchased in a period later than the cutoff date for the United Nations bond offer, December 31, 1963—

the bill should specify what disposition should be made of the proceeds. If the intention is to effect a decrease in the amounts expended by the United States for prior purchases, the bill should so specify.

Can section (c) of S. 2818, as revised, be regarded as satisfying that recommendation?

Senator CLARK. The Senator appreciates that the April 3 comments were made at the time when it was thought that this bill would be attached as an amendment to the U.N. bond purchase. The situation has changed since then. The peace bond proposal in its present form is unrelated to the administration's U.N. bond purchase plan. The Department is presently taking a favorable attitude toward this bill in its revised form.

Senator MORSE. I am going to ask the same question of the Secretary. I only ask the question of you as the author of the bill. For the legislative history, will you state what your intentions were in regard to it?

Senator CLARK. Senator, I think I can best answer your question about the intended disposition of the proceeds of the peace bonds by reading subsection (c) of the bill.

Amounts realized by the Secretary of the Treasury from the sale of peace bonds shall be deposited in a special fund in the Treasury, and shall be available for use by the President of the United States in support of the activities of the United Nations.

I favor giving the President the broadest possible range of uses, and I think these uses should supplement and not replace general fund expenditures for United Nations activities.

Obviously, the President could not use the money in excess of any authorizations which the Congress had given him for the broad, general purposes of supporting the United Nations.

Senator MORSE. I was a little disturbed as I read the papers this morning in regard to the House action in connection with the bond issue.

Senator CLARK. I share your concern.

Senator MORSE. Apparently the attitude of some Members in the House—I do not know how many—is one of opposition to the so-called nonregular expenses of the United Nations, such as the great humanitarian programs of the United Nations in connection with child care, the food program, various health programs, for which we make special contributions at each meeting of the General Assembly of the United Nations.

Is it your intention that these funds obtained from the purchase of these bonds could be earmarked by the administration at any time for expenditure for these special services?

Senator CLARK. I would think, Senator Morse, only to the extent that the President is presently authorized to take such action, and, again, I think I have to come back to the specific language of subparagraph (c), which, I am frank to state, I intend as a relatively broad authority to the President, but, obviously, within the limits of existing authorizations.

Now, may I comment also, since you raised it, that the vote in the House yesterday represented scarcely more than one-half of the total membership. I hope very much indeed that before this bill comes before the Senate for final action, if it does—and I hope it will—that that particular situation will have been resolved, and the President will be given the authority he has requested.

Senator MORSE. I share that hope. I hope the House will today reverse the action of yesterday, because I think it is a serious blow to the best interests of the American foreign policy in these troublesome times.

I do not have any doubts that Russia would like to see the United Nations weakened. I do not think we ought to do Russia's job for her.

Senator CLARK. I guess the rules of comity between the two bodies probably make it a little out of order for me to suggest that I would suspect that Mr. Khrushchev danced with glee in the Kremlin when he saw the action that was taken yesterday.

Senator MORSE. I do not have any doubts but that you are right.

I have a few questions I want to ask you on the interest rate feature of your bill.

RELATIONSHIP BETWEEN U.N. BOND PURCHASE AND PEACE BONDS

One virtue of S. 2818 presumably is that it offers funds to the Treasury at 2 percent rather than at the normal interest rate entailed in raising money on the market.

But how would this factor operate in terms of the December 1963 deadline for the purchases of United Nations bonds?

Senator CLARK. I do not think there is any relation, Senator. I have tried very hard to keep those two matters separate and distinct for the reasons I outlined in my testimony in chief, which are:

I think of this as a long-term support of the U.N., and I was persuaded by the leadership in the administration that it was a mistake to tie this proposal to the U.N. bond issue, which you and I have just been discussing.

Senator MORSE. Speaking hypothetically, then, assuming for a moment that the plan for the purchase of United Nations bonds should fail, and S. 2818 passed in this session of Congress, you could go right ahead and sell peace bonds, irrespective of what happened to the United Nations bond issue that is now before the Congress.

Senator CLARK. Yes. Of course it is my hope, however, that the U.N. bond purchase will be authorized even before action is taken on S. 2818. I had no intention of tying the two questions together, Senator.

Senator MORSE. That is the point I want to make very clear for this record: that this stands on its own footing.

Senator CLARK. Exactly.

THE INTEREST RATE

Senator MORSE. Now a question or two about the 2-percent interest. When you fix it at 2 percent——

Senator CLARK. May I interject by saying that the rate is fixed at a minimum of 2 percent. It could go lower.

Senator MORSE. Yes, it could go lower. That is one of the points I was about to raise.

I am a little disturbed about the maximum. Are you not really saying in the bill that we are so concerned about the future of the United Nations that we are going to make a plea for charity?

Senator CLARK. I do not think so, Senator, because, in the first place, the administration, in my bill, is prohibited, at least the Treasury, from undertaking any promotional activities.

I do not think that the project could be presented in that view, and I do not think it could be distorted by opponents of it, so that any reasonably objective person would think that it was a plea for charity.

This must be a question of judgment, Senator, and I agree that you can make value judgment decisions in support of 4 percent, 3 percent, 2 percent, 1 percent, or no interest rate at all.

It is just my considered judgment that the 2-percent maximum will get us the greatest amount of bond sales with the least amount of adverse comment that people were just doing this because they wanted to make a good investment.

This must be a question of judgment.

Senator MORSE. I understand it is a question of judgment, but it also involves some important questions of public policy, it seems to me.

Are you not really saying in this bill that we are going to make these bonds available to people who are of sufficient means that they can afford to sacrifice 1 or 1.5 or 2 or 2.5 percent that they otherwise would be able to earn?

Senator CLARK. You are certainly making these bonds available to that class of people, and I would not deny that you are, and I hope they will buy a good many of these bonds.

But I point out that these bonds are also in denominations as low as \$25.

You and I know from our own experience the large number of contributions of \$25 and \$50 made to the community chests in every one of the cities which you and I represent, by people with a great deal less money than those which are in the first category which you have suggested, to which part of my answer referred.

Senator MORSE. That is true.

PEACE BONDS AS AN INVESTMENT

But, as far as the financial market is concerned, does not the bill, in fact, downgrade the United Nations in that it really does not make these bonds available to people who ought to be encouraged to buy

them, but who have to limit their investments to investments on which they can get a fair and reasonable return on their money, which these bonds will not give them? And, therefore, are we not shutting off thousands and thousands of investors in this country who might very well be willing to buy United Nations bonds instead of bond X, Y, or Z, the purposes of which—the institutions that they finance—are not nearly as important from the standpoint of the security of this country and the welfare of the world as United Nations bonds are?

What disturbs me on this point is that we are just shutting off thousands of potential investors who would invest in United Nations bonds if they could get a fair return for their money.

Senator CLARK. That argument could be made, Senator. It is not persuasive with me. I would have no serious objection to making the interest rate the same as it is on savings bonds except that I do not think we would get the same impact in terms of public opinion and psychological support for the United Nations that the lower interest rate provides.

I do not consider this critical, but my own judgment is that it will have a better impact, and along the lines which I think both you and I would like it to have, if the rate is fixed at 2.

Now, if the committee wants to move it up to 3½, I would not quarrel much.

Senator MORSE. I want to dwell on that for a moment. I want to do what is in the best interests of the objective we have in mind.

Senator CLARK. May I interrupt to say that, while I would not object to such an increase in the rate provided, I am a little bit afraid the Treasury would.

I cannot speak for them, of course. They are here. They have no objection to this bill.

If we were to raise the interest rate, I would be a little concerned as to what their reaction would be, but they are here to speak for themselves.

Senator MORSE. I would be interested in the Treasury's attitude as to what interest rate they think ought to be paid in financing monopolistic satellite programs.

Senator CLARK. Of course, the Senator and I are among those who are constantly urging the Treasury to cut the interest rate in the hope of expanding the economy. This might be considered perhaps a move in that direction.

POSSIBLE RESULT OF THE PEACE BOND BILL

Senator MORSE. Although it is not stated in your bill, as revised, I think that the presumed intention is for the purpose of the purchase of peace bonds to be used to reduce the amount of money the Treasury would have to raise to buy United Nations bonds if authorized to do so by the Congress.

Senator CLARK. No, sir; this is not my intention.

Senator MORSE. What is going to stop the Treasury from taking that position?

Senator CLARK. Nothing, but it is not my intention.

Senator MORSE. Strike from my question, then, my statement of presumed intention and put it in terms of the results.

This is the result that would follow.

Senator CLARK. The peace bond proposal is unrelated to the U.N. bond purchase proposal. If, however, the Congress authorized the purchase of \$100 million of U.N. bonds by the President, but subsequently appropriated only \$50 million for this purpose, the peace bond fund could be used by the President to make purchases of U.N. bonds in excess of \$50 million as long as the authorized limit was not exceeded.

Senator MORSE. Although you and I have expressed the hope here this morning that the first action of the House in regard to the purchase of United Nations bonds would not be the final action, let us assume it is, and that there is no passage of the United Nations bond legislation.

In approving S. 2818 under those circumstances, would the Congress be saying that the United Nations bond purchases are in the national interest for the public but not for the Government?

Senator CLARK. Well, of course, my own feeling is that there is no necessity for the Senate of the United States always following what the House of Representatives has done.

I think, by passing the U.N. bond issue through the Senate, we have clearly indicated the views of our body.

I think, to some extent, not logically, not legally, but certainly psychologically we would, by passing this bill as well, reiterate our disagreement with the action of the House, if they fail to approve the other.

Senator MORSE. I want to say, in closing my colloquy with you, that I strongly approve of our doing those educational things necessary to get the American people to think about the importance of the United Nations to them, and this is a good educational device.

I think I would prefer that we put it on a sound financial offering, which I think it is, and that we give the American people an opportunity to invest in this type of bond, irrespective of their individual wealth, on the basis of a fair return for their investment.

PSYCHOLOGICAL EFFECT OF LOW INTEREST RATE

I am worried about the possible psychological danger of downgrading the United Nations with the urging of a bond lower than a reasonable market interest rate.

It sort of implies that the institution is so weak that it has to be supported by charity rather than sound financing. I do not think that is the case.

I think we ought to strengthen the United Nations financially by offering these bonds and offering them at the market rate.

But I am open to persuasion on this matter.

These questions crossed my mind as I asked myself why in the world would we offer these bonds at only 2 percent. Look at the other appeals that are made for investment both by industry and Government.

We are not asking people to donate part of the investment. It seems to me that is what we are doing here.

Senator CLARK. I take the other view, Senator, which is that the sale of these bonds with 2 percent interest would indicate the Ameri-

can people were prepared to pay a premium to support the institution which they strongly favor.

Senator MORSE. I think they are, but I do not think they should be asked to.

I think they are willing to.

I think you would be surprised at the great response which you would get from a much larger group of purchasers if you had a market interest rate.

Senator CLARK. Of course, then you run the risk that people would say, and with some justification, that this is really a gimmick and, to some extent, a phony, calling these peace bonds, for the support of the United Nations.

It might be said, "What the dickens, this is just another way of trying to market savings bonds."

Senator MORSE. Paying a full interest rate would not make them war bonds.

Senator CLARK. True.

Senator MORSE. That is all, Mr. Chairman.

Senator SPARKMAN. Senator Hickenlooper?

Senator HICKENLOOPER. Thank you, Mr. Chairman.

I am sorry to be late and perhaps some of the questions I ask may have been covered.

If they have, just let me know. I do not mean to burden the record with too much repetition.

PROPOSAL THAT PEACE BONDS BE ISSUED BY THE U.N.

As I read your proposal, Senator Clark, these bonds are direct obligations of the Federal Government?

Senator CLARK. That is correct.

Senator HICKENLOOPER. So, basically, it is not any indication of anybody's confidence in the United Nations at all.

They would be buying the bonds based upon the faith and credit of the United States?

Senator CLARK. I would disagree with that because of the lower interest rate provided for peace bonds.

Senator HICKENLOOPER. Why not let the U.N. issue bonds solely in its own responsibility and let the American people see how many of them want to take the faith and credit of the United Nations for the payment of the bonds?

Senator CLARK. I would have no great objection to that, Senator, although of course the Congress has no control over what the United Nations authorizes.

I just think that this is an important method of evidencing what I believe to be the overwhelmingly strong support of the American people for the U.N.

Senator HICKENLOOPER. Would that not be proven quite conclusively by letting the United Nations issue bonds solely on its own faith and credit without any responsibility whatsoever for payment by the United States and letting people see how much faith they have in the United Nations credit over a period of years?

Senator CLARK. This might be true, but it does not seem to me that the fact that we are suggesting an alternate method here need affect that judgment. I would have no objection if the United Nations au-

thorized bond purchases by citizens of member nations, but this bill is what I would like to see the Congress of the United States do to give the people of the United States an opportunity to show their support to the United Nations through their Government. Before the Senator came in I read into the record the result of some polls on which I based my confidence that this effort would be successful.

Senator HICKENLOOPER. You said their confidence in the United Nations through the U.S. Government.

Now, that is a different thing than an expression of confidence in the United Nations as a sole entity in and of itself.

Senator CLARK. The Senator is correct.

Senator HICKENLOOPER. I think there would be a vast difference in the amount of purchases and the number of purchasers if these bonds were guaranteed as to principal and interest by the United States, on the one hand, than if they were the sole responsibility of the United Nations, on the other.

Under certain circumstances and proper terms, I am not so certain but what I would not welcome the opportunity to test out just how much the American people would be willing to invest in bonds of the United Nations which are the sole liability of the United Nations and for which the United States is no agent and has no responsibility.

We would test the good faith and the interest of the people who do talk so strongly for the United Nations financing plan.

I rather imagine there would not be nearly so many people who would buy the bonds if it were the sole responsibility of the United Nations than there would be if it were the responsibility of the United States, especially in view of the record of delinquency in the United Nations now and failure of so many of the nations to pay their assessments, which poses a rather special problem.

I think the questions that I had here have already been covered and answered.

If you will excuse me just a minute, so I can review these.

SUBMISSION OF STATEMENTS FOR THE RECORD

Senator CLARK. While the Senator is looking at his notes, Mr. Chairman, may I request that the record be kept open for 1 week after termination of the hearings so that statements which I believe are on their way may be included?

Senator SPARKMAN. Without objection, that will be done.

Senator HICKENLOOPER. Mr. Chairman, what are the statements? Oh, your own statement?

Senator CLARK. No.

A couple of witnesses and several Senators who sponsored the bill are preparing statements which they would like to have go in the record and would like a few more days to do so.

Senator HICKENLOOPER. I would like an opportunity to see the statements.

Senator SPARKMAN. I may say that Senator Hart already has submitted a statement which I will include in the record after Senator Clark's statement.

Senator CLARK. There are seven cosponsors of the bill.

Several of them have indicated to me that they would like to submit statements in support of the bill they are cosponsoring, but they

have not had an opportunity to prepare them. One or two outside witnesses, also.

Senator HICKENLOOPER. I have no particular objection. That is done quite often.

Senator SPARKMAN. I think it is customary.

Senator HICKENLOOPER. I do not want to foreclose the opportunity to examine these people on their statements.

Senator CAPEHART. Is it limited to Senators?

Senator CLARK. There are one or two outside witnesses, who we hoped could be here but, unfortunately, could not, and have said they would like to submit statements which have not come in as of this morning.

Senator CAPEHART. Would this include opposition statements, too?

Senator CLARK. None such have come to my attention, Senator.

Senator CAPEHART. I know, but would your unanimous request include opposition statements?

Senator CLARK. Oh, sure.

Senator SPARKMAN. If the record is kept open, it will be open for both.

Senator CAPEHART. Both opponents and proponents?

Senator SPARKMAN. Correct.

Senator HICKENLOOPER. This question may have been covered already but, if so, may I ask it again?

REPAYMENT OF THE BONDS

Under your contemplated bill will the interest and principal be paid from United Nations funds?

Senator CLARK. No, sir. General revenues of the U.S. Government, the U.S. Treasury, would be used.

They are similar to the savings bonds, Senator Hickenlooper, except they carry a lower rate of interest.

Senator HICKENLOOPER. The United Nations would have no obligation to repay those bonds or to pay the interest?

Senator CLARK. As far as I am concerned, there is a complete divorce between the United Nations and this proposal fiscally.

Senator HICKENLOOPER. What is the difference between this proposal, then, and just appropriating money out of the Treasury of the United States and giving it to the United Nations?

Senator CLARK. Because this is a money-raising scheme and not a money-spending scheme.

Senator HICKENLOOPER. You have to raise the money. At least I used to think the theory was that you had to raise the money, before you could spend it. I guess we have outgrown that philosophy, perhaps.

We spend it now and then it all comes from the American taxpayer.

Senator CLARK. I register a dissent to the Senator's views.

Senator HICKENLOOPER. I do not see much difference between just appropriating money and laying on extra taxes to pay for it.

Senator CLARK. This is not an appropriation bill, Senator. This is a revenue-raising bill.

Senator HICKENLOOPER. Do you mean you consider as revenue money borrowed without the means of acquiring the money to pay for it?

Senator CLARK. To some extent, I may be considered a fiscal illiterate, but I think the way we state our administrative budget at present, all moneys coming into the United States, whether from taxes or from borrowing, are considered revenue.

QUESTION OF COMMITTEE JURISDICTION OVER THIS LEGISLATION

Senator SPARKMAN. May I ask in that connection if you believe this committee has jurisdiction over this legislation?

Senator CLARK. We cleared it with the Parliamentarian.

Senator SPARKMAN. You did clear it with the Parliamentarian?

Senator CLARK. Yes, sir.

Senator SPARKMAN. When you answered that this was a revenue-raising measure, it made me wonder. The only connection between this bill and foreign relations is the fact that the money is to be used for United Nations affairs. And the Parliamentarian said that it would come under the jurisdiction of this committee?

Senator HICKENLOOPER. There might be a serious question about originating revenue measures in the House of Representatives.

Senator MORSE. It might be a question, but not necessarily serious.

Senator SPARKMAN. I do not know, based upon the status of appropriations right now.

Senator HICKENLOOPER. I am a little confused these days as to whether the Constitution means what it says in English or not, but if this is a revenue measure, there is some language in the Constitution that bears directly on the question as to where revenue measures originate.

Senator CLARK. I think my semantics were unfortunate.

THE PROPOSED USE OF MONEY DERIVED FROM SALE OF PEACE BONDS

Senator CAPEHART. Is it the intention of this legislation that all of the money derived from the sale of these bonds would be earmarked for the United Nations?

Senator CLARK. Senator, I can best answer that by calling your attention to subparagraph (c). I have already answered that question in response to Senator Morse, but you attack it from a somewhat different angle.

Amounts realized by the Secretary of the Treasury from the sale of peace bonds shall be deposited in a special fund in the Treasury, and shall be available for use by the President of the United States in support of the activities of the United Nations.

That is as clear as I can make it.

Senator CAPEHART. In other words, it is the intention, then, that they be earmarked for the United Nations.

For example, if you sell \$100 million worth of these peace bonds, the President could only use the \$100 million for United Nations activities?

Senator CLARK. That is right, sir, within the general authorization which is given to him for that purpose by the Congress.

Senator SPARKMAN. Why did you not put in "peace and security operations of the United Nations"?

Senator CLARK. Senator, I guess because we did not think of it.

Senator SPARKMAN. That is your real purpose, is it not? You do not expect them to support technical assistance or UNICEF or any of the activities like that, do you?

Senator CLARK. I can only go back to the subparagraph (c), Senator, and say that I wanted to give the President of the United States the broadest possible authority to use this money as he saw fit for the support of the United Nations within the limits of existing congressional authorization.

Senator HICKENLOOPER. I sponsored and supported a bill to authorize the loan of \$100 million to the United Nations at an interest rate representing current costs of the money to the Federal Government. That did not quite get passed in the Senate. It was defeated. But that would have been a loan.

Senator SPARKMAN. I want to differ slightly with the Senator.

Is it not a fact that it was agreed to as an alternate course?

Senator HICKENLOOPER. The measure I am talking about was defeated by a vote in the Senate.

Senator SPARKMAN. The loan of \$100 million? It was part of a compromise plan.

Senator HICKENLOOPER. That was another measure which had some different verbiage in it which was passed by the Senate. But the measure I am talking about was a sound and financially responsible one.

It seemed to me a very responsible position to take to just loan the United Nations \$100 million over a short period of time at the cost of that money to the Federal Government.

As I say, that proposal was defeated, and we have another rather nebulous plan now which is being considered.

I do not know what the House is going to do.

OBLIGATION OF THE UNITED NATIONS

It seems to me, Senator Clark, that this plan would just result in issuing more bonds of the United States on the faith and credit of the United States and providing money for the United Nations without any responsibility of the United Nations to pay it back.

Senator CLARK. The Senator is not asking me a question. Of course, he is entitled to his own opinion.

Senator HICKENLOOPER. Well, of course, I am, and I am expressing it. But I think you said a moment ago that there is no responsibility on the United Nations to pay this back. They would not be obligated to pay either the interest or the principal on this.

Senator CLARK. Oh, no, this has never been the intention.

Senator HICKENLOOPER. That is just a contribution to the United Nations.

Senator CLARK. No. I think I have covered that in previous answers.

Senator SPARKMAN. As a matter of fact, is it not intended that the President would use these funds as a loan to the United Nations

and that there will be an obligation on the part of the United Nations to pay it back to the U.S. Government?

Senator CLARK. Senator, I hate to appear stubborn, but I can only go back again to subparagraph (c), "shall be available for use by the President of the United States in support of the activities of the United Nations."

It does not say a loan; it does not say a gift; it does not say a contract.

LIMITATIONS ON THE PRESIDENT

The President would be free to do whatever he sees fit within the current authorizations of the Congress.

I assume that the Under Secretary of State can give a more responsive answer to that question than I.

Senator HICKENLOOPER. It is not a question of what somebody might intend to do in the future. It is what this bill says.

Senator CLARK. The Senator is quite correct.

Senator HICKENLOOPER. As far as this bill is concerned, it just says that the Treasury will go out and borrow on the faith and credit of the United States at a certain interest rate and the President can use that money any way he sees fit, and I think you testified a moment ago that it was not contemplated in this bill that the United Nations would have any responsibility to pay this back at all.

Senator MORSE. Will the Senator from Iowa yield?

Senator HICKENLOOPER. Yes.

Senator MORSE. I am glad you are raising this point. I want to get this record clarified, in view of the question that the Senator from Alabama, Mr. Sparkman, raised, based, I think, upon his belief that there is some limitation on the expenditure of this money once it goes into this special fund in connection with United Nations activity.

As I think Senator Clark stated—and if I am wrong in my interpretation, I would like to clarify it right now—I think that the President can use the money for any of the activities of the United Nations, including those mentioned in your question, Senator Sparkman.

FISCAL ACTIVITIES OF THE UNITED NATIONS

Let me call your attention to one of the fiscal programs of the United Nations.

There are the so-called regular activities of the United Nations and then there are the activities of the United Nations in connection with its so-called humanitarian special service programs.

At each General Assembly of the United Nations—and I represented our Government in this session in the 15th General Assembly—there are the so-called pledging negotiations. Each nation makes a pledge as to what it is willing to contribute for these so-called extra-curricular activities of the United Nations in humanitarian programs. Included are the health programs, child welfare programs, food programs.

They are not paid for out of the regular budget of the United Nations.

They are paid for out of the special budget of the United Nations, and I submit they are very important.

In the 15th General Assembly I was authorized to negotiate in behalf of our Government to an upper limit of \$40 million.

I believe in this last General Assembly we upped our contribution to \$60 million.

Now, these services of the United Nations, believe me, bring the United Nations very close to the people of the world, and I think we had better have it perfectly clear, unless I am mistaken, Senator Clark, that the money raised from these bonds could be used by the President in connection with these extra services of the United Nations for which we pledge each General Assembly the amount of money we are willing to contribute.

I interpret section (c) to mean it covers any and all services that are rendered or performed by the United Nations in which the President of the United States, through proper legal channels, has approved U.S. participation.

Senator CLARK. That would be my view, subject to the general limitation that the Congress can, of course, put specific restrictions on it.

Senator HICKENLOOPER. I certainly agree with that 100 percent.

There would be no limitation on the President. He could spend it for any purpose of the United Nations that he saw fit in his discretion.

Senator SPARKMAN. Would the Senator yield to me there for just a very brief comment?

Senator HICKENLOOPER. Yes.

Senator SPARKMAN. I agree with you that the way the bill is written, that is true.

That is the reason I asked the question why he did not put in "peace and security operations," and I did that for this reason.

We all know that this proposal grew out of the U.N. bond issue. This was offered as an amendment or was proposed to be offered as an amendment to the bill on the floor, and, apparently, it was aimed at doing the job, or helping to do the job, that the U.N. bond issue was to do.

That is the only reason I asked why it was not limited to that field, since I assumed that that was the purpose of it here, as it was when it was originally drawn up.

Senator CLARK. May I comment, Senator, right briefly?

Senator HICKENLOOPER. Yes.

Senator CLARK. Even then I intended it, and I think the cosponsors did, to be a proposal which would stand on its own feet.

The U.N. bond issue was a convenient vehicle to attach this to as an amendment.

CLARIFICATION OF THE TITLE "PEACE BONDS"

Senator HICKENLOOPER. Senator Clark, I notice in the title, and, of course, in the reference to this bill which goes out to the public, that it is a peace bond bill.

I do not find anything in the body of this legislation that says that this would be devoted to the purposes of peace at all.

Senator CLARK. It is just the general purposes of the United Nations to keep the peace, and the proceeds of these bonds are for use in supporting the U.N.

Senator HICKENLOOPER. We all know that in the Charter of the United Nations there are some very fine declarations of peaceful intentions and peaceful objectives and all this, that, and the other thing, but they do a lot of other things, too.

It seems to me that the term "peace bonds" in the context of the body of the bill itself is somewhat of a misnomer.

Senator CLARK. I would not agree with the Senator.

CONGRESSIONAL RESTRICTIONS ON THE FUND

Senator CAPEHART. Might I ask a question here.

Let us assume that \$100 million worth of these bonds were sold. Under (c), the amounts "shall be available for use by the President of the United States in support of the activities of the United Nations."

This \$100 million becomes a direct obligation of the United States.

Now, does that mean, then, that the Appropriations Committees of the Congress and the Foreign Relations Committee and other committees would have absolutely nothing to say about the purpose for which this money was spent?

Senator CLARK. No, I would think, as I have said four or five times before, Senator Capehart, I think before you came into the room, that the general phraseology in support of the activities of the United Nations would, of course, be subject to congressional restrictions of a general nature dealing with what we would spend money for.

Senator CAPEHART. In other words, this would pass through the Appropriations Committee?

Senator CLARK. No, sir.

Senator CAPEHART. Would it be authorized by this committee?

Senator CLARK. Senator, all I can do is to say that I can say it no more clearly than has been said in the language of the bill.

The Treasury authorizes the sale of these bonds to the general public on the terms and conditions stated in the bill, subject to Treasury regulations.

The money comes into the Treasury of the United States.

When it gets there, it is put in a special fund, and that fund can be used by the President of the United States in support of the activities of the United Nations—period.

Senator CAPEHART. In any way he sees fit?

Senator CLARK. Yes, sir.

Senator CAPEHART. Then this—

Senator CLARK. As presently authorized, of course.

THE FUND AS AN ADDITION TO CONGRESSIONAL APPROPRIATIONS FOR THE U.N.

Senator CAPEHART. Then this \$100 million would be beyond any moneys that the Congress appropriated for the support of the United Nations?

Senator CLARK. I think I would rather have that question answered by the Under Secretary of State. The Treasury representative is here. My intention in drawing the bill was to give the President such discretion.

Senator CAPEHART. Will you not have confusion if the administration comes to the Congress, for X amount of money to be given to the United Nations for specific purposes, and the Congress grants that request and appropriates the money? Is the President then going to give the United Nations money beyond what has been appropriated and what has been authorized?

Senator CLARK. Senator, obviously, he cannot go beyond authorization.

An analogy which comes to mind is the contingent fund which the Congress grants to the President, except that this fund would be for a special contingency stated in the legislation.

Senator HICKENLOOPER. That is all I have.

Senator SPARKMAN. Senator Capehart, any further questions?

Senator CAPEHART. One other question.

ESTABLISHMENT OF A PRECEDENT THROUGH THE ISSUANCE OF PEACE BONDS

Will this establish a precedent that someone may then want to introduce legislation to issue \$100 million worth of 2-percent bonds to help South Vietnam or some other nation in the world or some other cause?

Senator CLARK. I would not think so.

Senator CAPEHART. Is it not a bad precedent that we are establishing?

Senator CLARK. I would not think so, Senator.

The Senator and I, I think in various other committees, have discussed from time to time the validity of arguments about starting precedents. I have never been much impressed with them. I know many other Senators are.

Could I make a statement off the record, Mr. Chairman?

Senator SPARKMAN. Yes, indeed.

Senator HICKENLOOPER. This is a public hearing. Newspapermen can write down whatever is said.

Senator CLARK. Mr. Chairman, I am perfectly happy to make a statement on the record.

I would ask, within the limits of a free, open, and complete hearing, the indulgence of Senators. I have an airplane to catch at 12 o'clock.

Senator SPARKMAN. You do not have much time.

Senator CLARK. I have 20 more minutes.

Senator SPARKMAN. I think I will forgo questions in order that we may move along with the hearing.

Senator CLARK. I really do have 20 more minutes.

Senator MORSE. The senior Senator from Oregon wants to make this point for the record:

THE LIMITATIONS OF THE BILL

I have read this bill very carefully, and I do not think there is any testimony here this morning that changes what I think are the clear limitations of the bill.

I do not think section (c) gives the President any funds to be used according to his discretion free from the checks of the Congress.

The Senator refers to the contingency fund. The President does not get the contingency fund except each year by authorization and appropriation through the Congress.

I interpret this bill to mean that under section (c) we provide this way of raising and earmarking funds that the President has available to him for the activities of the United Nations, but activities of the United Nations, as far as U.S. participation is concerned, that the Congress has approved.

I do not think you could do it any other way.

Senator CAPEHART. Would the Senator yield?

Would you want to write that into (c)?

Senator MORSE. I think we would becloud the issue a little bit.

Senator SPARKMAN. I would agree with the Senator on that, but, as a matter of fact, I cannot help but believe that the intent of this legislation was to be limited even more than that.

I think it was supposed to take care of peace and security operations and not go beyond that.

Senator MORSE. You mean the other bond issue?

Senator SPARKMAN. Yes.

I have thought of this as being a parallel to it.

Senator MORSE. I do not think the point that the Senator raises now is relevant to the issue that the Senator from Indiana has raised.

I would be glad to discuss his point, too. But I do not think that the bill could possibly be subject to the interpretation that it means anything except within the limits of authorizations for contributions or loans to the United Nations.

Senator CAPEHART. Does he have any objection to writing that into (c)?

Senator HICKENLOOPER. Would you state that again?

Senator MORSE. I think that section (c) is bound to be interpreted, as a matter of law, as raising funds to be earmarked for the activities of the United Nations within the limits of authorizations for contributions or loans to the United Nations.

Senator HICKENLOOPER. I am afraid I cannot agree with you on that.

I said a while ago I agreed with you, and I may have misunderstood what you said.

No, personally I think this bill authorizes the Treasury to sell bonds, raise the money, deposit it in a special fund, and then section (c) says once that money is deposited, that the President can use it for any purpose he wants to in connection with the activities of the United Nations. It is as plain as any language I know.

I do not think it requires any appropriation or any further authorization once we authorize the Treasury to sell the bonds and deposit the proceeds in a special fund.

Senator SPARKMAN. I am not able to think of any activities in the United Nations in which we do not participate. Are there any?

Senator HICKENLOOPER. This would augment.

Senator SPARKMAN. I do not see that it would augment. I think that the Senator from Oregon is correct, but I do not admit that this is what we want to do.

Senator MORSE. That is a different issue.

Senator SPARKMAN. That is the point I have been trying to make.

My point is that we might limit this to peace and security operations and not go into the full field of the United Nations operations.

Now, that is something to be considered when the time comes for writing up the bill. I would be very glad if the Under Secretary of State would discuss that when he is on the stand.

I am sure he will.

Senator MORSE. That troubles me very much.

Senator SPARKMAN. That is something that we would have to decide in marking up the bill.

I would be very glad to hear from the Under Secretary of State on that.

At this point I should like to insert in the record the letter from Senator Hart, who is one of the cosponsors.

(Senator Hart's statement, as well as the documents previously referred to, follows:)

U.S. SENATE,
Washington, D.C., July 10, 1962.

HON. WILLIAM FULBRIGHT,
Chairman, Senate Foreign Relations Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As one of the cosponsors of S. 2818, I would like to indicate for the record my support of this bill.

The idea of providing a concrete and constructive means whereby citizens of the United States can offer tangible support for the United Nations made sense to me in February when the bill was introduced, and it makes sense now.

Not only would this measure be of assistance to the United Nations in providing additional financial resources, it would permit the people of our Nation who have wished to show their support for it to do so in a most useful fashion.

Hopefully, your committee will act favorably on this bill.

Sincerely,

PHILIP A. HART.

UNITED NATIONS PEACE BONDS—STATEMENT BY SENATOR HUBERT H. HUMPHREY

Mr. Chairman, I am honored to appear before you this morning in support of S. 2818, a bill to authorize the purchase of United Nations peace bonds by the general public. Let me say first that the bill is a tribute to the leadership and initiative to my good friend Senator Joseph Clark, of Pennsylvania, who was good enough to ask me to join him in sponsoring the measure. S. 2818 demonstrates the characteristic belief of the Senator from Pennsylvania that no major aspect of our foreign relations lies outside the public domain. My distinguished colleague is a fearless, levelheaded exponent of sanity and wisdom in foreign affairs. He does not hesitate to voice his firmly held convictions even when they clash with what is loosely called public opinion. When he asked me to cosponsor the bill now before us, I hastened to agree, for in my view public participation in the purchase of U.N. bonds by the United States is bound to have a most salutary effect upon our foreign relations. I am gratified that the administration shares this view and has accorded its support to the proposal.

United Nations peace bonds, Mr. Chairman, will give the ordinary American citizen an opportunity which he now lacks to register his direct, personal support of the United Nations as an institution. The bill encourages the purchase of bonds by anyone who can afford to save as much as \$18.75. The bonds are issued in denominations of \$25, \$50, \$100, \$500, and \$1,000; they are within pocketbook range of the great majority of our citizens. Moreover, no person, corporation or syndicate can buy or hold bonds whose total face value exceeds the sum of \$10,000.

These are bonds for peace and they are bonds for the peace-loving American people. If the bill is approved, the general public, which has already signified its overwhelming moral support of the United Nations, will for the first time have a chance to signify its material support as well. Not everyone can or should lobby for the U.N., work in U.N. commissions, or represent his or her country at the U.N. Headquarters. If this bill is passed, however, everyone can con-

tribute within generous limits to the financial solvency of the world organization.

It is high time to rescue the U.N. from exclusive reliance upon governments who ask not what they can do for the United Nations but what the United Nations can do for them. Budgetary contributions to the U.N. by member governments is uneven, often slow in arriving, and subject to interruption as a result of extraneous political considerations. Assessments for the support of U.N. peacekeeping operations are, as we have seen, frequently honored more in the breach than in the observance. The U.N. bond issue in general is an emergency measure which is designed, in conjunction with a hoped-for decision of the World Court as to the mandatory nature of assessments for special operations, to give the U.N. time in which to put its financial house in order. The Senate has already passed an excellent bill defining the conditions under which the President may commit this country to the purchase of U.N. bonds. After arousing considerable debate in the Senate, the bond issue has found the going no easier in the House of Representatives. Controversy among legislators, however, is no reason to deprive the American people of the opportunity to make a double investment in their future—a personal dollar-and-cents investment with a guaranteed monetary return, and an equally important investment in world peace through contributing to the independence of the United Nations.

I well remember how schoolchildren during World War II saved their pennies, nickels, and quarters to buy U.S. war bonds. Scores of school systems would buy enough war bonds to finance the construction a B-17 Flying Fortress or some other costly item of war. This was a mighty contribution to the U.S. war effort, and every child who held one of those U.S. Treasury certificates felt that in his own way he had been on the firing line.

Now I do not predict similar enthusiasm or mass participation in the purchase of U.N. peace bonds. But I definitely anticipate that the bonds will be snapped up eagerly—and that a vital objective of U.S. foreign policy will be served thereby.

Approval of S. 2818, Mr. Chairman, will earn dividends for the great human causes to which this country is dedicated.

STATEMENT OF U.S. SENATOR MAURINE B. NEUBERGER, OF OREGON

Mr. Chairman, I am most grateful for this opportunity to express my views to the committee as a cosponsor of S. 2818, to authorize a special issue of peace bonds.

It is entirely proper that our citizens be able to participate in maintaining the costs of peace as, through war bonds, they once helped to bear the costs of war.

Americans who have faith in the United Nations as an instrument of international cooperation and who subscribe to the precepts of the U.N. Charter will welcome this opportunity to implement their faith. Like the Peace Corps, peace bonds will supply the answer to many citizens who ask what they can do for their country in the fields of international cooperation and understanding.

Curiously, S. 2818 should evoke the support of congressional opponents, as well as proponents, of U.S. financial aid to the United Nations. Manifestly, funds provided by voluntary loans in the form of peace bonds will supply funds to support U.N. activities which otherwise might have been drawn from the U.S. Treasury.

I respectfully commend the committee's favorable consideration of S. 2818.

STATEMENT OF SENATOR HARRISON A. WILLIAMS, OF NEW JERSEY

Mr. Chairman, I appreciate this opportunity to submit a brief statement in support of Senator Clark's bill, S. 2818, which I had the pleasure of cosponsoring, to permit public support for the activities of the United Nations through purchase of United Nations peace bonds.

In these days of uncertainty about the importance of individual efforts in the field of international affairs, I believe approval of this measure would offer a constructive method by which the citizens of this country could tangibly express support for the activities of the United Nations.

It is my understanding that S. 2818 would authorize the Treasury to issue for sale to the public "peace bonds" in denominations of \$25, \$50, \$100, \$500,

and \$1,000, at 2 percent interest, compounded semiannually. It seems to me that this would accomplish several desirable objectives.

First, while the bill would not substitute for this country's commitment to purchase up to \$100 million of bonds issued by the United Nations under the bill passed by the Senate on April 5, it would enable individuals to relieve the Treasury of part or all of its prospective loss under the U.N. bond issue, and thereby produce savings to the American taxpayer. Since the Treasury, in order to loan the money to the U.N. at 2 percent, would have to borrow itself at a higher interest rate than 2 percent, the individual purchaser by buying peace bonds at 2 percent would assume the low interest himself and thus save the Treasury the difference. This feature should help meet the objections of those who have opposed the U.N. bonds on fiscal grounds.

But more important, approval of this measure would offer a tangible and important method by which those who support the U.N. can directly and effectively demonstrate that support. Although the U.N. has been criticized of late both here and abroad, surveys clearly indicate the overwhelming support which the U.N. has among our citizens. Thus while all of us may question the wisdom of its decisions from time to time, I think the majority of the American people believe that the U.N. by and large has served our national interest.

Recently I had the pleasure of discussing the United Nations with our Ambassador, Adlai Stevenson, and he pointed out that "our view has prevailed in the United Nations on virtually every major issue that has come before it."

In addition, I recall that several years ago, during the turmoil in the Middle East, it was widely feared that Soviet penetration and domination of this vital area was all but assured. But the Middle East has remained relatively stable and free of Soviet penetration, thanks largely to the presence of the U.N. forces there. Most recently, the U.N. has achieved the difficult problem of stabilizing the Congo.

Thus, I believe the U.N. has served us well. Now it is in serious financial trouble. This bill makes it possible for the American people to demonstrate their support of the organization. And it offers a way in which people can overcome what seems to be a widespread doubt that their individual action has real meaning in international affairs.

For these reasons, Mr. Chairman, I urge your favorable consideration of this legislation.

GREAT FALLS, MONT., July 11, 1962.

Senator J. WILLIAM FULBRIGHT
Chairman, Senate Foreign Relations Committee
Senate Office Building, Washington, D.C.:

One hundred and thirty-one Montana Farmers Union juniors voted co-op store savings at summer camp to purchase of U.S. bonds. The petition they signed urging the bill's passage was sent to Senator Metcalf. Money is being held pending passage of S. 2818.

May we further urge affirmative action on our young people's behalf.

RALPH F. COOK,
Secretary-Treasurer, Montana Farmers Union.

STATEMENT OF THE U.S. SECTION, WOMEN'S INTERNATIONAL LEAGUE FOR PEACE
 AND FREEDOM, WASHINGTON, D.C., ON UNITED NATIONS PEACE BONDS

The Women's International League for Peace and Freedom supports S. 2818, authorizing the U.S. Treasury to issue United Nations peace bonds for sale to the public. Support for the United Nations has been a major pillar in the policy of this organization ever since the United Nations was founded. The United Nations can only be as strong as the commitment of nations to its principles, and this depends on the commitment of people. We believe there is even greater commitment by the people of the United States to the United Nations than has been reflected in official policy.

We believe that individuals should have an opportunity to make a tangible investment in the United Nations. The people certainly have a great stake in the future of world order, and we would like to encourage people of all member nations to seek ways of participating more directly in the United Nations cause.

RESOLUTION ADOPTED BY NATIONAL BOARD MEETING FEBRUARY 9-11, 1962, RE UNITED NATIONS PEACE BONDS

"The National Board of the U.S. Section of the Women's International League for Peace and Freedom, meeting in Philadelphia, February 9-11, 1962, while supporting purchase of \$100 million United Nations bonds by the U.S. Government, also supports the bills introduced in the Congress which proposes that the U.S. Treasury sell special 'peace bonds' in small denominations to be applied to the payment of the share of the United States in the United Nations bond issue in order to extend the opportunity for concerned individuals to participate in this vital assistance to the United Nations."

Senator SPARKMAN. Thank you, Senator Clark.

Senator CLARK. Thank you, Mr. Chairman.

Senator MORSE. A very good statement.

Senator SPARKMAN. Mr. McGhee, will you identify those with you for the purpose of the record?

We will be very glad to have you proceed in your own way.

STATEMENT OF GEORGE C. MCGHEE, UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS; ACCOMPANIED BY JOHN K. CARLOCK, FISCAL ASSISTANT SECRETARY OF THE TREASURY; AND W. H. ZIEHL, DEPUTY DIRECTOR, OFFICE OF INTERNATIONAL ADMINISTRATION, DEPARTMENT OF STATE

Mr. MCGHEE. Thank you, Mr. Chairman.

I have with me Assistant Secretary Carlock from the Department of the Treasury, and Mr. Wilbur Ziehl from the Department of State.

I would like to say, Mr. Chairman, it is a pleasure to be with you and the committee today.

I would like to commend the statement made by Senator Clark and the motivations which have prompted him to bring forth this bill.

I am here in support of it.

I have a statement which, with your forbearance, I will be glad to read to your committee.

I would just like to add at this juncture my deep concern and that of the Department over the matter which Senator Morse has expressed concern: namely, the action of the House in dealing with the \$100 million U.N. loan fund yesterday.

It is my earnest hope that the House will, in subsequent action, conform more closely to the action recommended by this committee in reporting favorably the bill to the Senate.

With your approval, Mr. Chairman, I will read my statement.

Senator MORSE (presiding). Proceed.

THE PEACE BOND BILL IN RELATION TO THE U.N. BOND PURCHASE BILL

Mr. MCGHEE. I appear before you in support of legislation authorizing the issuance of peace bonds by the Treasury Department to enable private citizens to participate more directly in support of the United Nations.

Members of the committee recognize, of course, that this proposal is in no way a substitute for the legislation, passed by the Senate and pending before the House, which authorizes the President to lend up to \$100 million to the United Nations to support its peace-keeping missions in the Congo and the Middle East.

Senator HICKENLOOPER. Do you mind an interruption, since I am going to have leave in just a few minutes?

Mr. McGHEE. Not at all, Senator Hickenlooper.

Senator HICKENLOOPER. You say this proposal is in no way a substitute for that \$100 million lending authority?

Mr. McGHEE. Yes, sir.

Senator HICKENLOOPER. Is it an augmentation?

If it is not a substitution, it must be an augmentation.

USE OF THE FUND

Mr. McGHEE. Senator, in our view, and I hate to differ with the views of Senator Clark in respect to his own bill, but, in our view, and this is really the Treasury view since they are the technicians in our Government, any use of this fund must be considered in use of authorization and appropriation.

Senator HICKENLOOPER. You say it must be?

Mr. McGHEE. Yes, sir.

This is the view of our Treasury Department. Mr. Carlock would be glad to respond to that in detail, if you would like.

Senator MORSE. I think it is obvious from section (c).

Senator HICKENLOOPER. I would be interested in seeing how you arrive at that conclusion in view of the language in the bill.

Mr. McGHEE. Would you like Mr. Carlock to go into that?

Senator HICKENLOOPER. Not now. I do not want to interfere with your statement.

Mr. McGHEE. That is quite all right.

Senator HICKENLOOPER. You said it is not in substitution, and I say it, therefore, must be in augmentation?

Mr. McGHEE. No, sir.

In our view, it is not an augmentation.

Senator HICKENLOOPER. What is it?

Mr. McGHEE. The funds would be used, funds, appropriations made by the Congress, in the usual way.

Senator SPARKMAN. Then it would be up to the Congress to determine the activities for which they would be used?

Mr. McGHEE. That is correct.

This is our interpretation.

Senator CAPEHART. Will you yield?

That is not what it says. Paragraph (c) says:

and shall be available for use by the President of the United States in support of the activities of the United Nations.

Senator SPARKMAN. We can easily insert some language to make it clear.

Mr. McGHEE. This can be easily clarified.

Senator CAPEHART. Do you think it should be clarified?

Mr. McGHEE. Certainly, if there is any ambiguity. Perhaps you would like to hear from Assistant Secretary Carlock, who is the Fiscal Agent of the Treasury.

Mr. CARLOCK. We would construe this without more as being just an authorization, but the Congress could make it clear what it intended, and we would do, of course, what it intended. If it wanted it to be construed as an appropriation, why, we would construe it that way, and if this committee and the House committee—

Senator HICKENLOOPER. Just a minute.

Do you construe things on the basis of convenience or on what the law is?

Mr. CARLOCK. No. We always construe it against its being an appropriation, unless the language clearly makes an appropriation, because it arises out of a committee that is not an appropriation committee. But if this committee made it clear that it intended this to be an appropriation and the Congress passed it that way, we would construe it as an appropriation.

Senator CAPEHART. Will you yield?

If your interpretation is right, then how does this become a special fund?

Mr. CARLOCK. It is a way of measuring the authorization out of which appropriations could be made.

Senator CAPEHART. Why not just get the \$100 million at 2 percent and put it in the General Treasury and then follow the appropriations and authorization acts of Congress in spending it?

Mr. CARLOCK. That would be all right.

This measures the amount of appropriation authorized by this act by the amount—the fund would just be a way of measuring that amount.

Mr. MCGHEE. If I may say so, Senator, some of these questions may be answered in the statement, so that at any point I will be delighted to resume this statement.

Senator MORSE. Go ahead with the statement.

Mr. MCGHEE. The conduct of foreign policy cannot be delegated to the random decisions of unidentifiable private citizens. The decision to support or not support the United Nations capacity to keep the peace must be made by the Government and this bill does not bear on that decision.

We understand that the sponsors of this proposal do not intend to grant any new authority nor to create any additional resources beyond those appropriated by the Congress in the normal appropriation procedure.

I think I should say parenthetically it is obvious from Senator Clark's testimony that this was not in fact in his mind, although this was our understanding prior to appearing before you.

We understand that any moneys derived from the sale of peace bonds and used by the President to support United Nations activities would be applied against appropriation authorizations made by the Congress for those purposes: in other words, the use of these funds would reduce the demand on the general fund of the Treasury.

INDIVIDUAL EXPRESSIONS OF INTEREST IN THE U.N.

Financial support of the United Nations is, of course, ultimately borne by the private citizen in his role as taxpayer. Nevertheless, there is considerable evidence of a real desire on the part of a substantial number of citizens to feel that they are playing a more direct and a more personal part in supporting the United Nations.

This feeling is expressed explicitly in a letter recently received by the President from a man in Cambridge, Mass., which begins:

While, as a taxpayer, I participate in U.S. support of the United Nations, I have long had a wish to share more directly and personally in support of a cause

which provides so much hope for the future of humanity * * * I would like to see a provision for people who believe in the value of the U.N. to back that belief—not only with words, but with money * * *.

This letter enclosed a personal check for \$50, which the writer described as “earnest money as our expression of faith in the U.N.”

I do not wish to take your time with extensive quotations from similar letters received by the President in recent months, but perhaps two brief excerpts will illustrate the point:

A family in Euclid, Ohio, sent in \$3—\$1 for each member of the family—with these words:

There are others who I know would do the same if they only had a chance. So why not let us the people each have a little stake in the U.N.?

A man from Levittown, Pa., sent the President \$4.24 in a letter which said:

I am a Republican, voted for Nixon, disagree with you on many issues and methods of handling things, but I think most everyone including our very great President past, Dwight Eisenhower, that this organization (U.N.) is very vital to the life and security of the United States and the world.

Senator HICKENLOOPER. Mr. Secretary, may I just interrupt there for a minute.

You did not see fit to put in the numerous letters which you have received in opposition to the U.N. and a lot of its activities, did you?

Mr. McGHEE. You are quite correct, Senator.

The number of these I am not familiar with.

I assume that they exist.

I would also assume that probably people who do write are generally people who are for. That would compel them to write more directly than the people who are against.

Senator HICKENLOOPER. I do not know how your mail runs. I have always voted for the U.N. appropriations. But I assure you I receive probably about as many letters criticizing the U.N. as in support of it.

I just noticed you picked out favorable letters to insert in your statement.

Mr. McGHEE. Of course these letters are not to illustrate the general public acceptance of the U.N., but the interest of individual citizens to contribute to the U.N. and probably individual citizens who did not want to contribute to the U.N. would not write to that point.

May I continue?

Senator MORSE. Proceed.

Mr. McGHEE. The volume of such mail reaching the President and the Department of State is not very great, but it is fairly steady and picks up at moments of crisis for the United Nations. We have not kept a statistical tabulation because, under present circumstances, we are obliged to return these personal contributions to the people who sent them or refer them to the United Nations directly.

Mr. Chairman, I assume that it must be a frustrating experience to make a decision—as a librarian in Ohio recently did—to contribute 1 percent of her annual income toward U.S. support of the United Nations and then find that the U.S. Government has no authority to accept that contribution. It seems to me that the offer itself is evidence of a more general sense of frustration that many people seem to feel about world affairs—an uneasy feeling that the individual has

no role to play, no personal contribution to make, toward a better world. The proposal before you would create an instrumentality through which individuals could gain some sense of direct participation in world affairs—by having “a little stake in the U.N.” as one of the letterwriters put it.

DEPARTMENT OF STATE ENDORSEMENT OF THE LEGISLATION

For this reason, the Department of State warmly endorses the intention of the sponsors of this legislation to remove existing roadblocks to more direct citizen participation in support of the activities of the United Nations.

I should think, Mr. Chairman, that it would be well to consider this proposal frankly as an experiment. Since the language of the bill explicitly excludes promotion of peace bond sales by the Treasury Department, the necessary promotion would have to be conducted by private organizations. Most of the contributions which private citizens have tried to make to the President for U.N. support have come from people of limited means whose gifts are important symbolically but insignificant financially. And the maximum face value of the proposed peace bond issue—\$100 million—is 2 million 50-dollar bills or 20 million 5-dollar bills. In light of these facts, I do not think it would be realistic to anticipate that revenues from peace bond sales would relieve the Treasury in a significant way.

Our endorsement of this legislation therefore is based on our conviction that a sense of personal identification with U.S. support of the United Nations would heighten a citizen's interest and commitment to an essential institution in world affairs. By making possible a more direct contribution, this proposal would present an opportunity to our citizens to achieve such a sense of identification. We therefore invite your favorable consideration of the bill and the purpose that lies behind it.

This concludes my statement.

Senator MORSE. This morning, Mr. Secretary, I sent down to you two typewritten questions that I asked Senator Clark.

Mr. MCGHEE. Yes.

Senator MORSE. I wonder if you would mind reading them into the record and answering each one?

Mr. MCGHEE. Shall I read the question?

Senator MORSE. Yes.

PARTICIPATION BY NONPROFIT ORGANIZATIONS OF MEMBER COUNTRIES

Mr. MCGHEE. Shall I read the question?

Under the General Assembly resolution authorizing the issuance of bonds the U.N. Secretary General, with the concurrence of an Advisory Committee on Administrative and Budgetary Questions, may decide to offer the bonds to non-profit institutions or associations in the member countries. Would you consider the absence of such a determination to mean that the Secretary General believes that the responsibility for the governments of other countries to finance the U.N. should not be diminished?

Of course, in the final analysis, it is not possible to interpret what is in the mind of the Secretary General of the U.N. with respect to

this authority, which has been granted. We would interpret, however, the fact that he turned first to governments as indicating that he looks primarily to governments to finance this operation, and that, although he still has the authority to sell bonds to individual institutions, that he probably elects to reserve this as a sort of a fallback.

Now, the proposed legislation really is a means of paying for national contributions, so, in a sense, it does not really fall in the category of a direct appeal to an individual or an institution.

DISPOSITION OF THE PROCEEDS FROM PEACE BONDS

The other question that Senator Morse has raised:

The State Department comments of April 3 note that if peace bonds are to be purchased in a period later than the cutoff date for the U.N. bond offer—namely, December 31, 1963—and I quote from the letter, “the bill should specify what disposition should be made of the proceeds.

“If the intention is to effect a decrease in the amounts intended by the United States for prior purchases, the bill should so specify.”

Would section (c) of S. 2818, as revised, be regarded as satisfying that recommendation?

Mr. MCGHEE. Yes, sir.

In our view, it does, because it does permit this money to be used for any purposes which have been authorized and appropriated involving actions of the United Nations.

Senator SPARKMAN. Mr. Chairman, I think the Under Secretary has cleared up my questions very well from what he has said, and I think the representative of the Treasury Department, also.

OUTLINING THE ACTIVITIES OF THE U.N. FOR WHICH THE FUND IS TO BE USED

I can see, and I do feel, that we would all feel easier if we put the limitation, the requirement, in the legislation itself, that these funds would have to be subject to, or would be limited to, authorized expenditures and subject to appropriations by the Congress of the United States.

Senator HUMPHREY. I do not understand why you do that.

Senator SPARKMAN. That is what he said.

Senator HUMPHREY. Are these bonds that are purchased by the citizenry? The Government of the United States does not have anything to do with this except act as sort of a collection agent.

Senator HICKENLOOPER. Or guarantor.

Senator HUMPHREY. A guarantor? The public buys them. Guarantor, baloney.

Senator HICKENLOOPER. It is not baloney at all. It is the faith and credit of the United States that is behind these bonds.

Senator HUMPHREY. But who pays for the bonds first, Senator?

Senator HICKENLOOPER. The people buying them, but the United States pays them back when they come due.

Senator HUMPHREY. The fact of the matter is when you buy them, you put the money in ahead of time before they are paid back.

Senator SPARKMAN. May I say the question really arose on the purpose for which the funds are to be used.

Senator HUMPHREY. Yes, I understand.

Senator SPARKMAN. And it would be through the authorization and appropriation, procedure that that provision would be made.

Senator HUMPHREY. I do not mean to be sticky about it, but I think it is one thing—

Senator SPARKMAN. Do you have an interpretation as to the purpose for which the funds should be used?

Senator HUMPHREY. For whatever activities the President defines as "U.N. activities." After all, this is not taxation. These are bonds.

Senator HICKENLOOPER. I happen to be in 100 percent agreement with you.

Senator HUMPHREY. These are bonds that people purchase and they are paid a very low rate of interest, and if the public wants to buy these bonds, that is their business. The Government is merely the agent.

Senator SPARKMAN. It is more than that. It is the guarantor.

Senator HUMPHREY. The guarantor?

Senator HICKENLOOPER. The Government has to tax the people to pay the bonds back.

Senator HUMPHREY. Guarantor of repayment.

First of all, the Government has been paid. What actually happens is that the Government itself gets the money from the individual citizen as a purchaser of the bond.

Senator CAPEHART. The Government has to pay it back.

Senator HUMPHREY. Yes, correct.

Senator CAPEHART. And it has to tax the people to get the money to pay it back.

Senator HUMPHREY. Is it your feeling that the activities of the U.N. should be outlined?

Senator SPARKMAN. No, but the activities for which these bonds are to be used should be outlined.

SPECIFIC PURPOSE OF THE FUND DERIVED FROM THE SALE OF PEACE BONDS

I may have gotten off on the wrong foot, but I felt these bonds were to be used for the peace and security operations of the U.N. There is no provision saying that in the bill, but it has been my understanding all the time that that was what promulgated this program.

Senator HUMPHREY. It was in part.

Senator SPARKMAN. And my feeling is that what we are trying to do is relieve the United Nations of a bad situation right now, and the way to do it is by supporting the peace and security operations.

Frankly, if I were writing the legislation, I would limit it to that, and I would hope that in making the appropriations, the Congress would make it for that purpose and no other purpose.

I do not see that we should lessen our regular contribution to UNICEF, for instance, and let the President take care of it on a contingency basis.

I think we ought to carry on our regular activities as we have been doing, and if we issue these bonds, let them be used for the peace and security operations of the United Nations.

Senator HUMPHREY. I think that would be a good limitation.

Senator MORSE. Would the Senator yield?

Senator SPARKMAN. Well, yes.

CLARIFICATION OF THE BILL

Senator MORSE. As I listen to this discussion, I think the issue that has been raised here this morning can be boiled down to this premise: If this bill means, as some of us think it means, that the money raised from the sale of these bonds can be used by the President of the United States only for United Nations activities that are, in fact, approved by the Congress of the United States through its authorization and appropriation program, you have that check on the President.

Now, the question raised here is:

Is it intended, under the bill, to have the Government of the United States make these bonds available at 2 percent interest to be paid back, as the Senator from Indiana and I have pointed out, by the Treasury of the United States through our taxation program, and to be used for any activity that the United Nations decides it wants to engage in, and in respect to which the President of the United States approves with no check by the Congress of the United States.

There is quite a difference in the two procedures, and we need to get it very clear in this bill whether or not this legislation seeks to vest in the President of the United States the unchecked power to use the proceeds from these bonds for any activity that the United Nations decides upon, or whether the bill proposes—

Senator HICKENLOOPER. Would you qualify that to say assuming United Nations action within its charter authority?

Senator MORSE. Yes; I will add that.

I presume that what I was referring to is a situation where the United Nations proposes something under its charter, but something in which we may not be participating.

But if we follow the second alternative as to intent, the President of the United States could put us in the program without any authorization or appropriation from the Congress.

I think it is very important we get that very clear.

Before you came in, Senator Humphrey, the Treasury witness supported the position that we have expressed. Section (c) does not mean that the President has any unchecked power.

Senator HUMPHREY. No.

Senator MORSE. Section (c) means that the President can use the funds for United Nations activity that the Congress of the United States has authorized and for which it has appropriated money.

Senator HUMPHREY. I think that is right.

Senator CAPEHART. Will the Senator yield?

Senator HICKENLOOPER. That may be the basic intention, but I submit that is not what the bill says.

Senator CAPEHART. Will the Senator yield?

Then if that is true, and I think it is true, do you not defeat the very thing you are trying to do here, and that is to get people to support the United Nations by buying bonds at 2 percent, when they can buy regular Government bonds, following the same procedure, at 4 or 4.5 percent?

Who is going to be foolish enough to buy a 2-percent bond when he could buy 1 at 4.5-percent, when the money for the purchase of the bonds is handled exactly the same way?

So the letters that you have read here in your statement mean nothing, then, because the people are not getting what they think they are getting.

Senator MORSE. Before the Senator came in, I asked some questions of the Senator from Pennsylvania in regard to the 2-percent rate rather than the going rate of interest that we pay on Government bonds generally. I suggested that that might create some problems in regard to the sale of the bonds.

Senator HUMPHREY. I think that the Senator from Pennsylvania was of the opinion that there are a number of people in this country that would buy these bonds, simply because of their dedication to U.N. activities, particularly if these moneys were held in a special fund, and were not commingled with other public revenues or other public funds.

Senator CAPEHART. Will the Senator yield?

But the Under Secretary of State and the representative of the Treasury have now testified that they would be commingled and they would be handled exactly the same as the proceeds for the sale of any other bonds.

Senator HUMPHREY. They shall be deposited in a special fund, however.

Mr. MCGHEE. Senator, I believe the intent, as we understand it, is that they shall be in a special fund and that these moneys will be used only for United Nations purposes.

Senator HUMPHREY. Exactly.

Senator CAPEHART. But subject to the appropriation and authorization of the Congress.

Mr. MCGHEE. That is correct.

Well, this is our interpretation.

As you have heard earlier, of course, it is not Senator Clark's interpretation.

But, as we see it, as I have stated here, Senator, this act is symbolic. That is why the question of 2 percent or 4 percent does not arise.

Of course, the purchaser of these bonds would not be doing so because it is a good investment. But he does it as an act of symbolic support of the United Nations, knowing that he is making a sacrifice.

Senator CAPEHART. If the money is going to be intermingled and used for the same purpose and go through the same processes of authorization and appropriation, why will he not just write a letter in and say: "Instead of buying this 2-percent bond, I am going to buy the 4-percent bond, but I would like to have my money for the 4-percent bond used for this purpose"?

Mr. MCGHEE. I think that is the difference, Senator; that this bill does provide a way of assuring that his money goes to the U.N.

There is no way that I know of assuring that ordinary proceeds from savings bonds go to the U.N. and not to some other function of the Government.

Senator HUMPHREY. Will the chairman yield?

I think the point is well taken by Senator Capehart on the matter of the regular activities of the U.N.

These are financed out of taxation, out of bond issues at the regular going rate which you pay if the Government sells bonds, right out of regular tax revenues. Therefore, when Senator Clark designed

this bill and asked some of us to join him as cosponsors, the theory behind it was that there would be extra funds made available by dedicated citizens in this country who were not concerned at all about the interest rate per se.

You put a 2-percent rate on these bond because it is an administrative rate, really, for its handling, processing, and so forth, and at least gives some small reward for investment. The people that will buy these bonds want to see certain U.N. activities increased, intensified, and, therefore, the bond money was to be set aside in a special fund, and the President of the United States was to be given the use of these funds for those activities in the United Nations with which our Government has associated itself.

Now, there may be some activities or some proposals in the U.N. that we are not for. But where the Congress of the United States has already made available funds for carrying out regular U.N. activities, by funds from these bonds. Those activities could be implemented over and above the amount of the regular U.S. contributions.

Mr. McGHEE. Senator, our interpretation was that the amounts could not exceed that appropriated.

I do not know whether that is consistent with what you have stated or not, but these are funds to be used within the limits appropriated by the Congress.

Senator HUMPHREY. My interpretation would be they would be funds that could be used, not beyond authorizations by the Congress, but to implement appropriations.

Now, I think this is a point that needs to be clarified. I do not mean to argue.

Senator MORSE. It surely does.

Senator HUMPHREY. I do not mean to argue the validity or the credibility of the case one way or another, but I think we ought to have an understanding as to what the author of the bill had in mind.

I was not here when he testified.

Mr. McGHEE. Yes.

Senator HUMPHREY. But I do not think it goes beyond what are the authorizations of the Congress.

But, since this is money that is brought in under very special arrangements, and moneys that are set aside in special funds, it was my understanding that these would be moneys that would be utilized to carry out established policies within authorizations of the Congress.

I do not think it would make very much sense to have an either/or proposition here that one could, let us say, finance the activities of the peacekeeping operations of the U.N. out of regular resources of the Government, which may require some borrowing at 3.5 percent of interest, and yet have another fund out of which could be taken just the 2-percent money.

This was to increase the activities of the United Nations.

Senator HICKENLOOPER. Mr. Chairman, is not this bill, in effect, an authorization act in itself?

Senator HUMPHREY. No.

Senator HICKENLOOPER. The word "authorize" is used right in the bill. I do not know what "authorize" means if it does not mean "authorize."

Senator HUMPHREY. Of certain bonds.

Senator HICKENLOOPER. It authorizes the issuance of the bonds, the deposit of the money in a special account, and then section (c) says the President can use the money in any way he wants to for activities of the United Nations.

It seems to me that wraps it up.

LEGISLATIVE JUSTIFICATION FOR RETURNING GIFT MONEYS

By the way, there is another matter I want to call your attention to in connection with this. I note the regret which you have in your statement about having to send back a check for \$3, one for \$4.24, and one for \$50.

You said you were not able to accept the money and spend it. That is too bad, of course.

There were good intentions on the part of the people who sent it. I would like to call your attention to section 635(d) of the Foreign Assistance Act of 1961 which reads as follows. I am reading section (d) :

The President may accept and use in furtherance of the purposes of this act money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

It seems to me that you could take and spend the money that these zealous citizens wanted to contribute.

Senator HUMPHREY. Is that in the authorization act?

Senator HICKENLOOPER. This is in the basic legislation.

Senator HUMPHREY. This is not the appropriations bill. This is basic legislation.

Senator HICKENLOOPER. The Foreign Assistance Act of 1961.

Senator HUMPHREY. This is exactly what I was saying about this particular fund.

Within the purview of our commitments to the United Nations, under basic legislation these funds could be utilized.

Senator HICKENLOOPER. That is what I was telling Secretary McGhee.

It does not amount to a great deal of dollars. He referred in his statement to several contributions that have been sent in, and he said the President had to send them back because he could not accept them.

I just wonder what this section (d) means.

Senator HUMPHREY. It means just what you said it means.

Senator HICKENLOOPER. That is what I think it does. I do not know why they could not have taken this money and used it.

Senator MORSE. May I say, Mr. Secretary, I need some help to get this through my head.

I am not a suspicious fellow by nature, but I try to be careful.

RECLARIFICATION OF THE INTENT OF THE BILL

I am just a little bit concerned as to the intent of this bill, because I have a lurking feeling that in this bill is the intent that we sell these bonds with the Government the guarantor to pay them back, the President sort of a trustee of them with the authority attempted to be vested in him to spend the funds from the sale of the bonds for any activity that the United Nations has decided upon, and which falls within its

jurisdiction under the charter, even though the Congress of the United States has not placed its stamp of approval on some specific activity, and that, thereby, the bill would get around the congressional check on the expenditure of Government funds.

I have a lurking feeling that some may think that is what the bill would accomplish.

That raises the question of policy as to whether or not the Congress should approve it.

I am not passing judgment on that policy

I am only raising the question as to what the bill would authorize.

If the bill would authorize that, it ought to specifically say so in very clear language.

I agree with the Senator from Indiana and the Senator from Iowa in their earlier discussion.

If the bill means what I think it means, it ought to use the language that I used earlier this morning; section (c) ought to read:

Amounts realized by the Secretary of the Treasury from the sale of peace bonds shall be deposited in a special fund in the Treasury and should be available for use by the President of the United States in support of the activities of the United Nations within the limits of authorizations for contributions or loans to the United Nations.

Senator HUMPHREY. Exactly. That is the intent of it. That should be the language.

THE POSITION OF THE DEPARTMENT OF STATE

Mr. MCGHEE. I would like to make our position very clear, Senator Morse.

We are here in support of a particular interpretation of this bill.

Now, this interpretation had been discussed between our legal staff and the various proponents of this bill, and it was our understanding that they were in agreement that this bill provided funds which could be used only subsequent to both authorization and appropriation.

Senator HICKENLOOPER. You say you are here in support. How long have you been in support of this particular bill, Mr. Secretary?

Is it not a fact, when it was first presented to you in your Department, that you, let us use a rather clear saying, pulled back in the manger on this thing and that you finally became induced to support this legislation rather reluctantly?

Is that not a fair statement?

Mr. MCGHEE. No, sir, I do not believe it is quite fair, Senator Hickenlooper. We supported starting April 3, if certain changes would be made. We had reservations on certain aspects of it. Now, you might say that the degree of our support, the warmth of our support, has varied depending on the changes that have been made in the bill and interpretation of the bill. But we support it. I think my statement speaks for itself.

Senator HICKENLOOPER. Did you originate this legislation in your Department?

Mr. MCGHEE. No, sir.

Senator HICKENLOOPER. It was presented to you from the Hill, was it not?

Mr. MCGHEE. That is correct.

Senator HICKENLOOPER. Is it not fair to say that considerable pressure was put on your Department to get behind this bill and support it?

Mr. MCGHEE. No, sir. I am not aware of any particular pressure.

Senator HICKENLOOPER. Well, I suppose it depends on what one interprets as "pressure."

Mr. MCGHEE. Like most legislation, we talk with people that are interested in it, but, to my knowledge, it went no further than that.

RETURNING GIFT MONEYS

Senator HICKENLOOPER. Do you have a comment on section 635(d), which I read a while ago, about authorizing the President to accept money?

Mr. MCGHEE. Yes, I am in a dilemma on this point. Our legal interpretation has been that we cannot accept these funds. It appears to be contrary to what you just read, sir. Not being an authority on this matter, I am going to have to look it up.

Our Treasury representative, I do not think is too clear either.

We will look it up, sir, and if we have been remiss in returning these amounts—

Senator HICKENLOOPER. I have already read it in the record. I will read it again. It seems quite clear to me.

It says flatly:

Section 635(d): The President may accept and use in furtherance of the purposes of this Act money, funds, property, and services of any kind—

And this is pretty broad—

made available by gifts, devise, bequests, grants or otherwise for such purpose.

I just do not see why you could not have taken this money.

Mr. MCGHEE. Yes, sir. This was the Foreign Aid Act of?

Senator HICKENLOOPER. This is the Foreign Assistance Act of 1961.

Mr. MCGHEE. Yes, sir.

But did that include funds which these people were contributing? These people were contributing funds directly to the United Nations.

Senator HICKENLOOPER. Well, I will go to section 301(a):

When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine in order to further the purposes of this part.

In other words, he has the right to contribute to international organizations, of which the United Nations is certainly the foremost, and (d) says he can accept funds and devote them to the purposes of this act. Well, it says:

money, funds, property and services of any kind made available by gift, devise, bequests, grants, or otherwise, for such purpose.

Mr. MCGHEE. It is clear that "purposes of this Act" embraces support of the United Nations?

Senator HICKENLOOPER. I do not think there is any question about it.

Mr. MCGHEE. We will certainly submit something to your committee explaining why our legal interpretation from the past has been

that these funds could not be applied. If we are in error, we will correct it.

Senator MORSE. Let the understanding be that State and Treasury will file a memorandum dealing on the point that the Senator from Iowa has raised.

Mr. MCGHEE. Yes, sir.

(The document referred to follows:)

EXECUTIVE BRANCH MEMORANDUM ON CONTRIBUTIONS TO THE UNITED STATES
FOR SUPPORT OF THE UNITED NATIONS

A number of individuals have sent contributions to the U.S. Government to be used in support of the United Nations. These contributions have been referred to the Department of State and have been disposed of as follows: (1) Where the donor clearly intended that the United States serve as a conduit for a direct contribution to the United Nations, as, for example, when the contribution was a check made out to the United Nations, the Department has transmitted the contribution to the United Nations; (2) Where the donor requested that the contribution be applied specifically to the purchase of United Nations bonds, the contribution has been returned to the donor. It is the view of the Department that this procedure was appropriate, in light of the decision of the administration to seek authorizing legislation for the purchase of United Nations bonds.

It has been pointed out that section 635(d) of the Foreign Assistance Act authorizes the President to "accept and use in furtherance of the purposes of this Act, money, funds, property, and services of any kind made available by gift, demise, bequest, grant or otherwise for such purpose." Were the United Nations bonds to be purchased under the authority of the Foreign Assistance Act, section 635(d) would authorize the President to accept gifts earmarked for the purchase of such bonds. However, in view of the decision to seek special authority for the purchase of United Nations bonds, in which case their purchase would not be "in furtherance of the purposes of [the Foreign Assistance Act]" the Department has considered it appropriate to return the earmarked contributions.

A distinction can be drawn between contributions earmarked for the support of the United Nations generally, and those earmarked specifically for support of United Nations bonds. Since many United Nations programs are financed under authority contained in the Foreign Assistance Act, section 635(d) is a legal basis for accepting contributions earmarked for support of the United Nations. However, a review of our files indicates that in only one case was a contribution returned to the donor which might have been accepted pursuant to section 635(d).

Senator CAPEHART. Why do you not put a drive on under this law to get voluntary contributions and keep this money they send in?

Senator HICKENLOOPER. Yes, they can send in all they want.

Mr. MCGHEE. We will look into this.

THE SPECIAL UNITED NATIONS FUND FOR ECONOMIC DEVELOPMENT

Senator MORSE. I have one additional comment on this other problem of interpretation as to the intent of the act. The United Nations has as one of its activities a program under SUNFED, the Special United Nations Fund for Economic Development. There is a great difference in opinion on this committee as to whether we should participate in SUNFED. I happen to believe that there is a great deal of merit in the SUNFED program.

For example, I think we may find in the not too distant future that we may wish we were distributing food through the United Nations to starving people who may be behind the Iron Curtain, rather than have ourselves in the position where we would be asked why we were not doing it unilaterally. This raises a lot of ancillary problems, political and otherwise, in our country.

INTERPRETATION OF THE BILL

However, if you interpret this bill as permitting the President to go ahead and use the funds for any activity authorized by the United Nations, as he would use contingency funds, you have an entirely different act from one that would check him by limitation of authorization and appropriation by the Congress. You would have an entirely different act, in my judgment, from the standpoint of getting it through the Congress.

Who can predict what the Congress will do? My guess would be you would have greater difficulty getting an act through that would treat these funds as falling within the discretion of the President to use them for any activity of the United Nations, than you would have if the bill is limited to activities of the United Nations for which the United States has authorized the expenditure of American dollars, as some of us have interpreted it.

Mr. MCGHEE. Yes, sir.

Senator MORSE. I think I agree with the Senator from Minnesota that we ought to find out what the intent of the authors of the bill as a group really is, and ask them to clarify the bill to carry out their intent specifically.

If they propose the latter intent, I think our problem with the Foreign Relations Committee becomes quite different.

Mr. MCGHEE. Yes, sir.

I think it is very clear that we are here in support of the intent as interpreted by us, and that we would have to have a very careful look at it if there were any other intent.

Senator HUMPHREY. Would the Senator yield?

Senator HICKENLOOPER. Mr. Chairman, it seems to me, from the standpoint of verbiage, this is an authorization act to authorize the issuance of these bonds to create this fund. It would authorize the proceeds to go in a special fund which we say specifically shall be available for use by the President of the United States in support of the activities of the United Nations.

What if we have another authorization act to authorize him what we have authorized him to do here? That is the problem, unless you clarify this language.

USE BY THE PRESIDENT OF MONEY FROM BONDS

Senator HUMPHREY. Will the Senator yield? I feel the clarification placed upon the interpretation of the Senator is the proper interpretation, which would mean that after the language—

and shall be available for use by the President of the United States in support of the activities of the United Nations within the limits of authorization or contributions or loans to the United Nations.

I say that because Senator Clark's statement, which I have before me in the form of a press release, reads as follows:

The Pennsylvania Senator noted that the Chief Executive would be able to use the sums in the special peace bond fund in support of any U.N. activities in which the United States is authorized to participate by existing or future domestic law.

"I favor giving the President the broadest possible range of uses," Clark said. "Such use would, of course, supplement, not replace, regular general fund expenditures for U.N. activities."

I cannot imagine that we would be legislating to utilize moneys that are not at least given some review by the Congress in terms of public policy.

We surely are not proposing in this bill that we shall just utilize these funds for activities that are proposed by the United Nations. We are suggesting that these funds shall be used for activities proposed by the United Nations for which the U.S. Government, through its Congress, has made an authorization as to our participation in those activities. Now, there is a difference between "authorization" and "appropriation," as we know.

The question needs to be resolved, and I think it is well raised here. That is, whether or not we should go so far as to have these funds utilized within authorizations but without appropriations, or whether they should be within authorizations and also appropriated, even though they come from a special fund.

It might require, for example, in an appropriation that there will be \$11 million from general appropriations and \$2 million from the special fund. I cannot quite imagine that circumstance, but it is theoretically possible.

NEED FOR CONGRESSIONAL AUTHORIZATION

My interpretation is, was, and has been that funds from the sale of these special peace bonds, designed to support the activities of the United Nations, shall be funds that fall within the limitations of congressional authorizations as to our participation in U.N. activities.

I think that ought to be spelled out. I do not think there ought to be any ambivalence or any lack of clarity here, and if we are going to pass this bill or act upon it in any way, this ought to be outlined in clear detail, so that there can be no doubt.

Mr. McGHEE. Senator Humphrey, do you mean authorizations and appropriations?

Senator HUMPHREY. No, authorizations.

Mr. McGHEE. Only?

Senator HUMPHREY. Within authorizations.

Mr. McGHEE. Yes. Our understanding is even more narrow.

Senator HUMPHREY. I realize that. I appreciate what your understanding is, and I think, as I said, this is a matter that ought to be fully clarified.

Mr. McGHEE. Oh, indeed, yes.

Senator MORSE. I think the statement just made by the Senator from Minnesota is a very important statement from the standpoint of legislative history of this bill, and the intent of the bill, because he is one of the cosponsors of the bill.

Senator HUMPHREY. This was my understanding of it. We had discussed it privately. I did not discuss it, may I say, with members of the State Department.

I think I once sat in on one meeting of general discussion about getting some activity on this particular bill but insofar as any pressure was concerned, I do not even recall sending the letter.

I am sure that the main sponsor, Senator Clark, asked for departmental reports and some activity here on the committee, but that is all.

I have a statement that I want to have included in the record in support of this bill.

Senator MORSE. The statement of the Senator from Minnesota will be incorporated in the record following the statement of the Senator from Pennsylvania, Mr. Clark.

(The statement referred to was inserted in the record following Senator Clark's statement.)

Senator MORSE. Senator Hickenlooper?

POSSIBILITY OF THE UNITED NATIONS ISSUING THESE BONDS

Senator HICKENLOOPER. Mr. Secretary, what is wrong with letting the United Nations issue these bonds without the faith and credit of the United States behind the proposal? Let the people who want to help the United Nations buy bonds and look to the United Nations for their repayment. What is wrong with that?

Mr. MCGHEE. First of all, Senator, the United Nations has not elected to do this, so this opportunity is not yet available.

Senator HICKENLOOPER. You say "has not elected to do this." They can do it?

Mr. MCGHEE. Yes, sir, but they have not.

Senator HICKENLOOPER. Whose responsibility is that?

Mr. MCGHEE. The Secretary General.

Senator HICKENLOOPER. Why haven't they done it?

Mr. MCGHEE. They have been authorized to do it by the General Assembly, but the Secretary General has elected not to use the authorization.

Senator HICKENLOOPER. He is electing not to do anything, but rather he is looking to us to bail him out. Is that the situation?

It would seem to me that there are a lot of people who would be perfectly willing to contribute to the United Nations. If it is a matter of contribution, why not give them a chance?

Why do we have to put the guarantee of the Federal Government behind these bonds?

I would say that 9 people out of 10 who would buy these bonds would not buy them on the faith and credit of the United Nations. They would buy them because the Federal Government was guaranteeing the repayment of the principal and interest.

Mr. MCGHEE. Yes, sir.

May I just add, Senator, that the authorization of the General Assembly does not actually refer to individuals but to nonprofit organizations, so that there is no real authority on the part of the United Nations to borrow from individuals.

Senator HICKENLOOPER. These organizations are altruistic. They are humanitarian.

Would it not be right down the alley of their basic principles that they should get in and buy these bonds in furtherance of the humanitarian purposes?

Mr. MCGHEE. But, you see, Senator, the bill, as we interpret it—and I regret that there is this difference in interpretation between ourselves and these sponsors of the bill—would not give any additional amounts to the United Nations that we would not have given, in any event, because it would not exceed the appropriations of the

Congress. This would merely mean that a portion of the moneys given or lent would, in fact, have been contributed by people who bought the bonds for this particular purpose.

As has been pointed out, there could easily result a considerable augmentation of funds available to the Treasury because it is unlikely that the people who would have bought these 2-percent bonds unless they did wish to support the United Nations.

Otherwise, they would have bought the bonds bearing a higher rate of interest.

Senator HICKENLOOPER. By the same token, the money could be equally available from the Treasury if Congress appropriated it?

Mr. MCGHEE. That is correct, but, as has been pointed out, the money has to come either from taxation or from the sale of bonds.

Senator HICKENLOOPER. That is right.

Mr. MCGHEE. And since the sale of bonds is an important element of financing, if the amounts received by the Treasury can be augmented due to this additional appeal, it should be of some benefit to the Treasury.

But, as I said earlier—

Senator HICKENLOOPER. I certainly do not see how it is a benefit to the Treasury when the taxpayers have to pay it in the end, anyway. I just do not follow that line of reasoning.

Mr. MCGHEE. Well, I agree, it is to be paid back out of taxation in the final analysis, Senator.

Senator HICKENLOOPER. Certainly.

Mr. MCGHEE. But here are certain sums of money for which the Government would only have to pay 2-percent interest which would not otherwise be available through the sale of bonds, because, as I say, it is unlikely that people would have bought these bonds unless they had wished to do it uniquely. Otherwise, they would have bought bonds bearing higher rates of interest.

RESPONSIBILITY FOR REPAYMENT

Senator HICKENLOOPER. They can do it uniquely by buying bonds directly from the U.N. with U.N. responsibility to pay back.

That would test their desire to really do something for the U.N. and take out of it the mercenary motive of the assurance from the Treasury of the United States that they would get their money back.

Mr. MCGHEE. Yes, sir; but I think, as Senator Clark pointed out earlier, one can hardly be considered mercenary buying 2-percent bonds when he can buy 4-percent bonds. This does indicate the altruistic element in the individual's motivation.

Senator HICKENLOOPER. I do not follow that reasoning because I think most people, if they are going to buy Government bonds, will buy them at the highest rate of interest that they can get. Those people who really want to contribute to the U.N. would be probably just delighted to buy U.N. bonds and look to the U.N. for repayment of the bonds.

I cannot quite follow all this line of reasoning as to why we do not really want to test this out by urging the U.N. to issue its own bonds on its own responsibility. Then we can see how many people really want to support the U.N. or how many want to invest under the guise

fallout shelters and have encouraged contributions to the U.N. in lieu of buying a fallout shelter.

These various efforts to support the U.N. financially have now spread across the country and include the "Shelters for the Shelterless" program by the Fellowship of Reconciliation, Nyack, N.Y.; "U.N., Our Shelter," Chapel Hill, N.C.; "Citizens for the United Nations," Seattle, Wash.; "Shares in the Future," Boulder, Colo.; and "Pennies for Peace," Evanston, Ill.

To date, these outright gifts to the U.N. have totaled more than \$100,000. In addition, U.S. citizens contributed \$1,647,988 to UNICEF in 1961—most of that through the trick-or-treat program—and some \$70,000 to Congo relief and the U.N. program for Palestine refugees, about equally divided between the two. There were additional sums given by U.S. citizens to the U.N. High Commissioner for Refugees and the Food and Agriculture Organization.

These facts indicate to us that substantial numbers of concerned citizens may be ready to purchase U.N. peace bonds to support the U.N. efforts to keep the peace and improve living standards around the world.

(2) The issuance of U.N. peace bonds by the U.S. Government can stimulate public discussion of the crucial issue of financing the United Nations and focus public attention on the need to develop dependable sources of revenue for the U.N.

One of the major questions facing the U.N. is how its program can be soundly financed. This issue has been discussed to some extent in connection with the issuance of \$200 million in U.N. bonds and President Kennedy's proposal that the United States purchase \$100 million of these bonds. The impending decision of the International Court of Justice will help resolve some of the questions surrounding special peacekeeping programs. But there is not yet underway the kind of fundamental and far-reaching examination which is essential. The Brookings Institution has commissioned an important study headed by Prof. John Stoessinger of Hunter College on financing the United Nations, which should be carefully reviewed.

If many citizens purchase U.N. peace bonds, or even consider the possibility, they are much more likely to participate in the important public discussion which should take place as efforts are made to place the U.N. on a more stable financial footing.

(3) The sale of U.N. peace bonds will make available some additional funds to support U.N. activities.

Most of the U.N. programs in the field of health, education, agriculture, welfare, refugees, peacekeeping, and so forth, can readily use additional funds to expand existing activities or launch creative new efforts. Proceeds from the sale of bonds could be used for these purposes as the President directs, according to the legislation.

PRESIDENTIAL AUTHORITY AS CONTAINED IN SECTION (C)

Senator MORSE. That raises the very issue we have been talking about all morning.

Mr. SNYDER. It certainly does, and we have raised that in our testimony, Senator Morse.

We feel that section (c) is very unclear on this particular issue.

Senator HICKENLOOPER. By some governments.

Mr. MCGHEE. Individuals do not belong directly but through their government.

I think it is logical they would want to support the U.N. through their Government.

Under this act they would be making quite a sacrifice. They would get about half the income from these bonds that they would otherwise get.

Senator MORSE. Thank you very much, Mr. Secretary.

Mr. MCGHEE. Thank you, Mr. Chairman.

Senator MORSE. Our next witness will be Mr. Edward Snyder, executive secretary of the Friends Committee on National Legislation.

Mr. Snyder, you may come forward and proceed in your own way.

STATEMENT OF EDWARD F. SNYDER, EXECUTIVE SECRETARY OF THE FRIENDS COMMITTEE ON NATIONAL LEGISLATION

Mr. SNYDER. Mr. Chairman, my name is Edward F. Snyder, executive secretary of the Friends Committee on National Legislation. Our committee is composed of Friends appointed by a number of Friends organizations and as individuals, but it does not claim to speak for all Friends. However, Friends in general have had a long and continuing interest in the United Nations and in legislation which supports and strengthens the U.N.'s activities, such as the bill now being considered by the Foreign Relations Committee.

We appreciate the opportunity to appear before this committee to express our general support for the program outlined in S. 2818 which authorizes the Treasury to issue United Nations peace bonds for purchase by the public. Earlier this year in testifying before this committee on the purchase by our Government of \$100 million in U.N. bonds, Raymond Wilson of our committee supported S. 2818. We now welcome this opportunity to comment in more detail on S. 2818 as it has been amended.

REASONS IN SUPPORT OF THE AUTHORIZATION

We see at least three reasons why the Treasury should be authorized to issue United Nations peace bonds:

(1) Issuance of United Nations peace bonds would provide a method by which the American public could express its growing support for the activities of the United Nations.

To many in the United States and around the world it is increasingly apparent that a strengthened United Nations is man's best hope to save succeeding generations from the scourge of war. The U.N. is at the center of all realistic plans to move mankind from the present state of international anarchy to a world of law and order.

More and more people are making their support of the U.N. felt in a tangible, financial way. On United Nations Day, 1959, members of the Champaign-Urbana, Ill., Friends meeting launched a plan to tax themselves 1 percent of their gross annual income for the U.N., saying "this self-imposed tax is to be a token of our willingness to be taxed and governed by a system of world law." Other groups have suggested that the U.N. offers a better hope for man's future than

fallout shelters and have encouraged contributions to the U.N. in lieu of buying a fallout shelter.

These various efforts to support the U.N. financially have now spread across the country and include the "Shelters for the Shelterless" program by the Fellowship of Reconciliation, Nyack, N.Y.; "U.N., Our Shelter," Chapel Hill, N.C.; "Citizens for the United Nations," Seattle, Wash.; "Shares in the Future," Boulder, Colo.; and "Pennies for Peace," Evanston, Ill.

To date, these outright gifts to the U.N. have totaled more than \$100,000. In addition, U.S. citizens contributed \$1,647,988 to UNICEF in 1961—most of that through the trick-or-treat program—and some \$70,000 to Congo relief and the U.N. program for Palestine refugees, about equally divided between the two. There were additional sums given by U.S. citizens to the U.N. High Commissioner for Refugees and the Food and Agriculture Organization.

These facts indicate to us that substantial numbers of concerned citizens may be ready to purchase U.N. peace bonds to support the U.N. efforts to keep the peace and improve living standards around the world.

(2) The issuance of U.N. peace bonds by the U.S. Government can stimulate public discussion of the crucial issue of financing the United Nations and focus public attention on the need to develop dependable sources of revenue for the U.N.

One of the major questions facing the U.N. is how its program can be soundly financed. This issue has been discussed to some extent in connection with the issuance of \$200 million in U.N. bonds and President Kennedy's proposal that the United States purchase \$100 million of these bonds. The impending decision of the International Court of Justice will help resolve some of the questions surrounding special peacekeeping programs. But there is not yet underway the kind of fundamental and far-reaching examination which is essential. The Brookings Institution has commissioned an important study headed by Prof. John Stoessinger of Hunter College on financing the United Nations, which should be carefully reviewed.

If many citizens purchase U.N. peace bonds, or even consider the possibility, they are much more likely to participate in the important public discussion which should take place as efforts are made to place the U.N. on a more stable financial footing.

(3) The sale of U.N. peace bonds will make available some additional funds to support U.N. activities.

Most of the U.N. programs in the field of health, education, agriculture, welfare, refugees, peacekeeping, and so forth, can readily use additional funds to expand existing activities or launch creative new efforts. Proceeds from the sale of bonds could be used for these purposes as the President directs, according to the legislation.

PRESIDENTIAL AUTHORITY AS CONTAINED IN SECTION (C)

Senator MORSE. That raises the very issue we have been talking about all morning.

Mr. SNYDER. It certainly does, and we have raised that in our testimony, Senator Morse.

We feel that section (c) is very unclear on this particular issue.

We would approach it not so much from the technical question as to whether the current language is an authorization or an appropriation, or whether additional authorizations or appropriations are necessary, but more from a point of view of whether the President is going to spend this money for additional programs, new programs, or expanded existing programs, which will strengthen the United Nations; or whether he is merely going to use these funds and can use these funds and may use these funds to reduce the existing contribution which the Congress would authorize and appropriate in any event.

Senator MORSE. To use my hypothetical, take SUNFED. In your interpretation of the bill, the President could use some of these funds for SUNFED even though the Congress has made very clear thus far that it is opposed to SUNFED?

Mr. SNYDER. According to—that might very well be the case.

The question that was of more concern to us was that the President could use these funds to reduce the regular 30 percent, slightly over 30 percent, contribution to the regular U.N. assessment, or to the regular giving to the Children's Fund or the technical assistance program, so there would be no net increase to those United Nations programs as a result of these people's efforts in purchasing these bonds.

We would hope that there would be some language put in the bill or some clear legislative interpretation that this is to go for an expansion and an improvement of United Nations programs, and not to reduce the kind of contributions which the Government would be expected to make in the normal course of events.

Senator MORSE. I want to commend you for the statement that you have just made, because it just draws this issue just as clear as it can be drawn.

But also, in my judgment, a substantial modification in the language of the bill would be required to carry out your purpose.

Mr. SNYDER. Yes.

And we would anticipate that might be the case, and we would hope that such changes would be made in the language, if that is necessary.

We have been doing a little bit of thinking about what kind of projects this money might be used for. Of course, there are a number of different projects, some which would be rather difficult to foresee in advance.

If this fund had been available a year ago, the United Nations might have borrowed from it, and it would not have had to borrow some funds from UNICEF for a temporary period.

There may be special peacekeeping functions which this money could be very usefully spent for.

It is our interpretation that the bill is not confined to peacekeeping activities of the United Nations; that it is broader and would include the health programs, the children's programs, the technical assistance programs as well, although it originally grew out of the Congo operation and the bond issue.

There is the possibility that in another World Refugee Year or something like that this money might be used to expand that particular program. Or floods or famine or earthquake in some particular part of the world might create the kind of emergency where the President might want to draw on this particular fund through a United Nations

program. Or he could give added emphasis to the malaria eradication program or the community water supply program, or perhaps inspection systems, as we move toward disarmament, or special training programs for peacekeeping forces.

These funds might be used to stimulate our Government to urge the United Nations to initiate some surveys or task forces on how to finance the United Nations or how to increase its peacekeeping activities and abilities or on arbitration procedures, judicial settlements, police forces.

There are a variety of different things that such funds might be used for, and we would hope that the language which the committee would draw would not be so restrictive that it would limit the kind of creative, new things that the U.N. ought to be doing and which this money might be used to help support financially.

COMMENTS AND SUGGESTIONS

We would like to make these additional comments and suggestions concerning S. 2818 as amended:

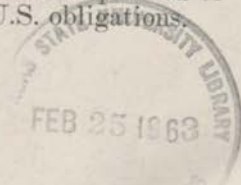
(1) This bill was originally intended to provide an opportunity for the American public to help subscribe to the U.N.'s current \$200 million bond issue. The bill has now been made general and the purposes significantly broadened. Yet vestiges of the old bill remain. The current language states that the maximum amount of bonds outstanding at any time shall not exceed a face value of \$100 million. This figure is the sum originally requested by the President for U.S. Government purchase of U.N. bonds. It is, of course, far in excess of anything which the public could reasonably be expected to purchase under present circumstances.

(2) More important—this is the question which you raised, Senator—the limitation on interest rate of 2 percent is carried over from the previous bill. We think it is true, as Senator Clark has suggested, that a number of citizens would be willing to invest their money in the U.N. for new purposes at a sacrifice.

But, looked at from another point of view, it would seem the 2-percent interest rate discriminates against our country's efforts to support peaceful programs of the U.N. The person who purchases U.S. savings bonds, which finance primarily the war-making potential of the United States as well as some civilian programs, currently receives a 3¾-percent return on his investment, while the person who purchases U.N. peace bonds, which finance important U.N. activities approved by the President and Congress, would receive only a 2-percent return on his investment.

Moreover, although 2 percent is the interest rate for the current U.N. bond issue, it does not necessarily follow that this interest rate will be the same for future U.N. bond issues. Bonds of the International Bank for Reconstruction and Development, which is associated with the U.N., currently pay 4½ percent. Of course, as has been discussed, under the language of section (c) the President might also decide to allocate the funds for some important U.N. project for which no U.N. bonds are issued.

We urge that the 2 percent limitation on interest rate be eliminated from the bill and the maximum amount either be left unspecified or increased to compare more favorably with other U.S. obligations.



(3) On a related issue, we urge elimination of the phrase, "but the Department shall not undertake any promotional efforts on behalf of the peace bonds." If this prohibition and the 2-percent interest rate are retained, this whole program is under very severe handicaps. Without some official notice of the availability of U.N. peace bonds by the Government, it will be difficult to notify all the people in the country who might be interested in purchasing them. It is difficult to understand why it is not possible and desirable for the Treasury to notify citizens of the availability of such bonds and, in appropriate ways, to encourage their purchase, if Congress has authorized their issuance and the President can use the proceeds at his discretion.

In conclusion, we wish to commend Senator Joseph Clark, of Pennsylvania, and the eight cosponsors of S. 2818 for offering this important bill. We support its purpose and intent and hope that this committee will report it favorably as modified to include changes such as those suggested above.

Senator MORSE. Mr. Snyder, I want to commend you highly for this very clear statement.

INTENT OF THE BILL

It is not only the intent of the bill, as you understand it, but of the United Nations program that you think the bill should encompass as far as U.S. support is concerned, through the funds raised by the bill, if it should be enacted.

I find myself in complete agreement with you as to the need for support of those programs.

I would be less than honest if I did not say, in my judgment, the present wording of the bill does not carry out your intent in many respects, but, as you say, it can be modified so that, if passed, it would carry out that intent.

As you can see very well from the discussion here this morning, this legislation is going to raise a considerable amount of discussion and differences of opinion within this committee, which I am sure will spread over into the Congress as a whole.

I cannot express too much my own personal conviction that some way, somehow, we have to find the ways and means of giving the United Nations much greater support in connection with its programs that are over and above the so-called maintenance of peace and security programs of the United Nations. I am a little disturbed as to whether or not there is much hope of our being able to do this through this legislation.

But even debate on this legislation carries out part of the educational purposes that you say would be one of the results of the program itself.

I want to thank you for the educational material that you have put in the record this morning.

The committee will stand in recess until 2:30, at which time we will meet in the Foreign Relations Committee room of the Capitol, F-53.

At that time we will hear our longtime friend, Clark Eichelberger, executive director of the American Association for the United Nations; Dr. Paul Cooke, national vice chairman, American Veterans Committee; and Leo Goodman, representing the United Auto Workers, AFL-CIO.

We stand in recess until 2:30 in F-53.

(Whereupon, at 12:30 p.m., the hearing was adjourned, to reconvene at 2:30 p.m. of the same day.)

AFTERNOON SESSION

Senator MORSE (presiding). Let the hearing come to order.

Our first witness will be Mr. Leo Goodman, representing the United Auto Workers, AFL-CIO.

Mr. Goodman, we are delighted to have you with us. Take the stand and proceed in your own way.

STATEMENT OF LEO GOODMAN, ON BEHALF OF THE UNITED AUTO WORKERS, AFL-CIO

Mr. GOODMAN. Thank you, Senator.

I appreciate the opportunity to appear before the committee at this time in behalf of S. 2818.

I have a prepared statement, which, if you prefer, I would be glad to put into the record.

Senator MORSE. I will follow your pleasure, whichever you care to do.

You may put the statement in the record and summarize it or you can read it.

Mr. GOODMAN. I am Leo Goodman of the staff of the United Automobile Workers in Washington testifying here in behalf of pending bill, S. 2818, to provide an opportunity for the public to indicate their support for the activities of the United Nations by the purchase of peace bonds from the U.S. Treasury.

The organization with which I am connected is actively interested in support of the United Nations and the development of those conditions in international affairs which will make possible the survival of the world in a system based on freedom for the individual and economic opportunity and justice for all.

RESOLUTIONS ADOPTED AT UAW CONSTITUTIONAL CONVENTION

I am here testifying in behalf of the United Automobile Workers and the Industrial Union Department, AFL-CIO. I would like to insert into the record at this point and hand to the chairman a copy of each of two resolutions which were adopted unanimously at the UAW constitutional convention on May 4, the week of May 4, this past May.

Senator MORSE. The resolutions will be received into the record at this point.

(The resolutions referred to are as follows:)

RESOLUTION ON INTERNATIONAL LABOR SOLIDARITY, ADOPTED BY UAW 18TH CONSTITUTIONAL CONVENTION, ATLANTIC CITY, N.J., MAY 4-10, 1962

INTERNATIONAL LABOR SOLIDARITY

"Workers of all countries, races and creeds join in this mighty movement of free and democratic labor.

"Together we can destroy tyranny and oppression and create a world of freedom and human dignity.

"Together we can defeat the forces of war and aggression and create a world of peace and justice * * *"

Twelve years ago in London, the International Confederation of Free Trade Unions (ICFTU) was born with the above appeal to the workers of all lands.

In the intervening years, the ICFTU has grown into a powerful fraternity of 60 million wage earners in more than 100 free nations.

A movement which mobilizes a mighty moral force wherever workers struggle for human rights and economic justice, the ICFTU speaks for the aspirations of the people of the world in a voice no nation and no combination of nations can ignore today.

In President Kennedy's words, the American labor movement, by its own efforts and through its affiliation with this free world labor movement, has "strengthened the cause of freedom around the world by strengthening the free union movements of other countries." The President continued:

"It is not surprising that so many of the new political leaders in Asia, Africa, and Latin America began their careers as labor leaders. It is not surprising that in many of these countries the single, most dynamic and democratic force for change has been the labor movement. And, it is not surprising to find that so many of these organizations have been nurtured and encouraged by material and moral support from the greatest free labor movement in the world."

Throughout the world, the achievement of each of the great hopes of the human race depends in large measure upon the continuing dedicated labors of the 60 million men and women who make up the family of the free world labor movement. The struggle to win a secure and just peace can be decisively influenced by the efforts of the free labor movement.

Strong, free and militant unions are bulwarks of peace wherever they exist. They assert, in each country where they operate, the yearning of the people for a sound and durable peace based upon just solutions of the problems that trouble relations between the nations of the world. They combat and curb the power of the irresponsible elements present in every society who, if left unchecked, could precipitate war. By improving the lives of their members, effective free unions help to remove the sources of the discontent upon which irresponsible demagogues feed and thrive. The international solidarity of free trade unions—the expression of the hopes and aspirations held in common by the workers of all lands—cuts across national boundaries and, by improving understanding among the peoples of the various nations, strengthens the foundations of peace. Given concrete form in the international organizations of the labor movement—the ICFTU and the trade secretariats such as the International Metalworkers Federation to which the UAW belongs—that solidarity is reflected in action. Through such organizations, the strong are enabled effectively to pool their experience and their resources to help the weak; the workers of the developed economies are enabled to hasten the progress of their brothers in the developing nations. Through the work of such organizations, freedom ceases to be an abstraction in the new nations and becomes a concrete living reality in the lives of men; and the fruits of freedom give them a stake in resisting infiltration and subversion by the forces of tyranny and war.

In this decade of development the United Nations has called for a vast program of aid to the new countries and the deployment of forces to provide food and medical care and education to the impatient two-thirds of the world's population who, having won freedom, now demand the harvest of well-being they expect as the fruit of their struggles.

Except through the effort of powerful democratic unions, the goods of the new countries, the oil and gas and minerals from their earth, the harvest of their fields, and the products of their labor could, as too often was the case in the past, enrich the privileged few and generate among the broad populations a discontent that might result in further advances by the totalitarian regimes and increase the ominous threat of war.

Peace, freedom, and economic and social justice, as we have always known, are indivisible in the world, in the Nation, and in the community.

Our trade union experience has also engraved on our minds that social justice and economic well-being cannot be put up in small packages and given to some and kept from others. Runaway shops and sweatshops and pockets of unemployment in this country erode the standards of wages and working conditions everywhere in the Nation.

In the same way, our standard of living in the United States and Canada, as in the other highly industrialized countries, is undermined by the intolerably low wages and less than subsistence living standards in many parts of the world.

The relatively high living standards of workers in the United States and Canada will obviously be in serious jeopardy and their further improvement made more difficult so long as hundreds of millions of people elsewhere in the world are compelled to live on the margin of starvation.

United Nations surveys reveal the ugly economic fact that 800 million people in the emerging nations of the world have annual incomes of less than \$100 per person. This is less than the amount of the UAW annual improvement factor which is \$125 a year or more. Helping the underprivileged peoples of the world to help themselves to achieve higher living standards is not only the decent human thing to do, it is also the most effective way to protect our own living standards.

Trade is vital to the continuance of freedom in the world. But the trade expansion program could boomerang in disaster, unless strong democratic unions harmonize wages and working conditions upward and harmonize the workweek downward in the factories of the world. A common technology is spreading throughout the world in the face of enormous national disparities in levels of wages and fringe benefits. Giant international corporations such as those in the automobile and agricultural implement industries install the same advanced machinery and production methods in all countries in which they operate. They export their technology along with their capital; but they do not export their wage rates to any country in which they can get away with lower standards. Instead, they attempt to play each national group of workers off against the others to hold back the progress of workers in all countries under threat that their work will be done more cheaply elsewhere—that jobs, like water, will flow to the lowest level. This international game of divide-and-rule played by international corporations with highly coordinated centralized control can be defeated only by welding tighter the bonds of international solidarity and improving coordination and cooperation among workers in all lands in the common effort to assure that workers everywhere may share the fruits of technology through higher living standards. In this effort the strong must help the weak and those workers with the highest living standards must help others less fortunate, not only because they hold in common the same hopes and aspirations, but also out of self-interest—to protect the security and living standards of their own families.

This, in fact, is the way our own union was built. The UAW was born with the help of workers in other industries already organized in their own unions. They knew their own standards would be in danger and that their own progress would be impeded so long as workers in other industries suffered from lower standards and lacked the power and protection of unionization. This lesson from our own history now must be applied on the international scene. We must now repay the debt we owe to those who helped bring the UAW into being by extending our hand to workers around the world who need our help.

We in the UAW have long recognized our stake and our responsibility in the world.

Through our active cooperative effort with our 60 million brothers in the ICFTU, we have made a substantial contribution to the organization of new unions and, thereby, to the buttressing of democracy in Asia, in Africa, and in the Latin American countries.

We have helped establish and support union leadership schools at Calcutta, India, and at Kampala in Africa. New ICFTU schools will open soon for French-speaking workers in Africa and for Latin American workers in Mexico City.

In particular, through our affiliation with the 8 million industrial workers who are members of the International Metalworkers' Federation, we, in cooperation with the 6 other American unions—the Steelworkers, the IUE, the Machinists, the Boilermakers, the IBEW, and the Shipbuilders—have greatly advanced the prospects of an international fair labor standard which will be a defense against the efforts of international employers to compete in world markets at the expense of the sweat of underpaid and exploited workers.

The UAW, through the International Metalworkers' Federation, is cooperating with unions in more than 30 countries in an intensive education and organization campaign. We are working with Ford workers in Venezuela and GM workers in Mexico and Pakistan. Through the IMF contacts in Japan we are supporting what may become the birth of a significant, new, unified auto workers union in Japan.

A metal union in India, with a base among the giant new steel industries, already operating and which may some day become one of the largest democratic

trade union forces in the world, is making encouraging strides forward with the support of the IMF.

We are working side by side with German metalworkers in the organization of Volkswagen workers in Canada and Ford workers in Germany. We have cooperated with GM workers in Australia, Ford workers in Belgium, and GM workers in England in common problems. We are supporting Ford workers in South Africa in a difficult and complex economic and racial situation. We played a decisive role in initiating the organization activities at the Willys plant in Turkey where wages, although only 17 cents an hour for unskilled and 56 cents for skilled workers, were nevertheless higher than the average wages in Turkey. A new IMF office in Brazil will soon result in a close working relationship with the workers in the booming automobile industry of that country.

Our cooperation with workers in other countries through the International Metalworkers' Federation (IMF) has already borne fruit in new or strange and more militant unions and in shortened workweeks and increased wages for automobile, aircraft, and agricultural implement workers in many countries. In most countries of Western Europe significant progress has been made in the direction of a 40-hour week and the gap between their wages and ours have been narrowing. In West Germany, for example, the metalworkers have won wage increases of 9 percent or more in each of the past 3 years and will be on a 40-hour workweek by 1965. This is a significant increase in wages and a reduction of working hours from the 54-hour workweek which they worked in the early postwar period.

UAW President Walter Reuther also serves as the president of the Automotive Division of the International Metalworkers Federation which is the instrument through which we coordinate our work with workers in the auto, aircraft, and agricultural implement industry throughout the free world.

Plans now call for a worldwide coordination of corporate councils which will enable the UAW and the unions in the 20 or more countries that deal with automotive employers to plan a unified strategy for their members working for the same corporations.

Increasing emphasis is being placed on adoption and enforcement of an international fair labor standard to safeguard the wages and working conditions of workers throughout the free world.

New programs, imaginative in scale and decisive in their potential impact, are pending for metalworkers in Latin America, in Asia, and in Africa.

The challenging geographic sweep of our effort to shore up our security in the world by raising the standards of wage earners everywhere, requires methods, activities, and commitments, financial and otherwise, in dimensions and areas we have never contemplated before. Now we must realistically examine methods of financing these larger obligations in a manner that measures up to the size of our task and our new opportunities.

To meet what can only be described as an emergency in the labor movement of the free world, the ICFTU is seeking to raise a \$10 million International Solidarity Fund by December 1963, to finance its organizing, education, and citizenship efforts, particularly in the new nations.

The International Metalworkers' Federation organizing campaign in the many nations where steel, automotive machinery, and agricultural implement industries are now being established can only continue at its present pace if it is reinforced by substantial help from the workers in the industrialized countries of the world.

In this effort workers in India on annual wages that come to less than the monthly wages of American workers are making their contributions. Workers from all parts of the world—in Japan, in Greece, in Tunisia, in Chile, and Venezuela—have recognized the importance of this effort and have pledged support to the maximum of their capacity.

But the greater responsibility for financing the worldwide organization drive of the democratic unions rests upon the workers in the industrialized countries. In per worker contributions to this solidarity effort, workers in Sweden and Germany lead the free world.

Swedish workers equivalent to 8 percent of AFL-CIO membership have pledged to contribute \$1 million to the International Solidarity Fund by the end of 1963—an amount equivalent to 5 hours' pay per member.

Trade union members in Germany have pledged \$2 million by the end of 1963.

If more than 13 million union members of the AFL-CIO contributed on the scale of Swedish workers, the U.S. contribution would come to the astro-

nomical figure of an amount in excess of \$150 million. We are not trying to raise sums of this magnitude and such contribution is not sought from UAW members. It is clear, however, that United States and Canadian workers, the highest paid in the world, can and must help raise a large part of the ICFTU Solidarity Fund and the funds needed to carry out the activities of the IMF.

In recognition of the fact that UAW members and their families have a high stake in the success of our efforts to build and strengthen the free world movement and to make it into a more effective instrument with which we can—

Strengthen our efforts to make peace and freedom secure in the world.

Afford people everywhere a fuller measure of economic and social justice.

Provide a positive answer to Communist subversion which seeks to exploit poverty and social injustice.

Provide the best protection for our jobs and our living standards at home by raising living standards abroad.

Help achieve full employment at home by raising the living standards abroad which will enable us to make a greater progress toward achieving a balance between greater purchasing power and our expanding productive power.

For these sound and compelling reasons, we, the delegates of the 18th Constitutional Convention of the United Automobile, Aircraft & Agricultural Implement Workers of America propose that the UAW constitution be amended to provide for the diversion of the interest and dividend returns on UAW strike fund investments to the UAW International Free World Labor Defense Fund and, through thoughtfully placed contributions from this Fund, assist the worldwide effort of the free labor movement to establish for all workers minimum fair labor standards and to improve the health, education, and general welfare of workers everywhere. Contributions from the UAW International Free World Labor Defense Fund shall be made only on the authorization of the UAW international executive board and with proper accounting for such expenditures in accordance with the sound procedures that govern UAW financial matters: And

Pledge that we will continue to support our brother and sister union members through the ICFTU and through the IMF in this truly cooperative effort of the free world labor movement to win the peace—to make freedom universal—to combat communism and all forms of totalitarianisms—to protect our jobs and our living standards—to achieve full employment at home and to raise living standards throughout the world.

EIGHTEENTH UAW CONSTITUTIONAL CONVENTION

INTERNATIONAL AFFAIRS

The world in crisis

We, together with the rest of humanity, are in the middle of a world we must remake if we are to survive.

At a time when the alternative to peace is annihilation, interest in world affairs is no longer a matter of voluntary choice for union members or anyone else.

Survival and solidarity

Survival and solidarity are the two major dimensions of our life today.

President Kennedy, in his speech before the United Nations in September 1961, said:

"Today every inhabitant of this planet must contemplate the day when this planet may no longer be habitable. Every man, woman, and child lives under a nuclear sword of Damocles, hanging by the slenderest of threads, capable of being cut at any moment by accident or miscalculation, or by madness * * *. The risks inherent in disarmament pale in comparison to the risk inherent in an unlimited arms race."

The risks of national disarmament can be eliminated by building the international forces of peace; and this our Government proposes to do.

"The United Nations peace force reaches full strength with such power that no single nation can challenge it." Thus reads paragraph 7, stage 3, of the disarmament proposal of the United States to the Soviet Union, April 18, 1962, providing for a 30-percent reduction of all arms in 3 years.

Survival depends on solidarity—on the solidarity of the people in the world through the United Nations.

Survival depends on solidarity, on the solidarity of the citizens of the United States with those people of Africa and Asia and Latin America, who have dedicated themselves and their future to the cause of freedom.

Survival depends on solidarity—the solidarity of wealthy developed nations with poorer developing nations, because we cannot live on the heights of affluence so long as two-thirds of the people of the world in the valleys of poverty are hungry, are sick, are cold, are ill housed, are illiterate, and are impatient.

Survival depends on solidarity—the solidarity of wage earners in free unions voicing the moral strength of the people of the world against greed, against social injustice, and against all forms of tyranny that would enslave the human spirit.

The strategy of waging peace

It is appropriate for us to acknowledge that under the leadership of President John F. Kennedy a strategy for waging peace is now replacing obsolete security conceptions that rely upon total nuclear terror.

President Kennedy's dramatic call before the United Nations for an international peace race, his candid recognition of the suicidal nihilism implicit in nuclear war, and his forthright declaration that we must not negotiate from fear nor fear to negotiate, dramatically opened to the people of the world a new avenue leading away from annihilation and toward survival.

By following this proposal with the creation in the Federal Government of a U.S. Arms Control and Disarmament Agency, he took the step which has put our national peace effort in a new relation to the Armed Forces and, for the first time in the history of the world, organized a general staff to prepare peace plans.

Out of this orientation toward peace has come the most recent U.S. disarmament proposal, which was designed to meet criteria established by both the United States and the Soviet Union. In the first stage, the one-third reduction of disarmament, with verification based on mathematical principles—meets earlier Russian objections and yet accommodates the need of the United States and the free world for inspection and control.

This venture into the future is flexible in the range of disarmament it permits, and practical in its reliance on the strengthening of the United Nations.

Most of all, it is realistic in its limited first goal. It proposes the first historic step forward in reducing the heavy and frightening burden of armaments.

Economic consequences of disarmament

The foundations have been laid, also, for planning to meet the economic consequences of disarmament. The new Disarmament Agency's first published study dealt with that subject. It showed that, with proper planning, we need have no fear that disarmament would disrupt the economy. It pointed out the desirability of putting measures into effect now to facilitate adjustments of people and communities to presently occurring economic changes resembling the changes that disarmament would bring. Many of the measures suggested for this purpose have long been supported by the UAW. The study showed also how the human and physical resources released for constructive purposes by disarmament could be used to enrich and improve the quality of life in the United States and throughout the world. Not enough emphasis has yet been placed on planning for economic adjustments to disarmament and not enough resources have thus far been made available for that purpose. But a good beginning has been made.

The findings of the United Nations Economic and Social Council report on the economic and social consequences of disarmament parallel those of the United States. With respect to the United States, the U.N. report declares that, in the event of total disarmament, " * * * about 4.5 million persons—some 6 or 7 percent of the total labor force in employment in 1958—would * * * have to change their employment from one industry group to another or find civilian instead of military employment * * * (it is estimated) the number absorbed into expanding sectors (would be) some 600,000 less than that released from the Military Establishment and the contracting industries. * * * This * * * would imply that an increase of about 1 percent in total Government and private expenditure, spread over the duration of the disarmament process would be required to preserve the general level of employment."

While these figures are subject to a margin of error, they indicate that practical planning is possible now, not only to relieve distress in the eventuality

of disarmament, but to provide a humane transition for all workers in the defense establishments in the event of any cutback or shift in production.

Since it is generally recognized that "impediments to disarmament are being seen more and more as economic, political, and emotional in origin rather than as based on operational military considerations," the importance of more effective economic planning in this area becomes apparent.

Peace through abundance

Almost 15 years ago the UAW proposed that \$13 billion, 1 percent of the cost of World War II, should be appropriated each year for a total peace offensive and an all-out war on ignorance and hunger and disease throughout the world. In one form or another, many political leaders and agencies have proposed a similar measure since then.

Delay in relating our peace efforts to our economic efforts on behalf of hungry people throughout the world unquestionably deprives us of powerful incentive that might speed up the running time of a successful peace race.

Full employment and peace

As a nation, we have not yet recognized the relationship between full employment and full production in the United States in our search for world peace. In 1961, according to conservative estimates made by the Council of Economic Advisers, \$40 billion in goods and services was lost through underutilization of our national capacity to produce. This is seven times our total expenditure on all types of foreign aid. Many urgent social needs at home could be satisfied at the same time our investment in human beings abroad could be doubled or trebled.

By harnessing abundance, the free nations of the world could launch a peace campaign based on a program of world reconstruction and development on a scale that would dwarf any Soviet effort. In the ensuing economic and political competition the Soviets would be compelled step by step to reduce their arms effort to stay in the peace race or abdicate to the free world the race to win the allegiance of the uncommitted millions.

Such a move would reinforce the new peace tactics and would bring about a peace spiral to replace the arms spiral, the threat of war would dissipate, a time of peace would cleanse the air of nuclear pollution, it would become evident that bread and freedom can be achieved together, and a powerful democratic pull would be exerted on the people behind the Iron and Bamboo Curtains.

Support President Kennedy's peace efforts

We would be remiss, however, if we did not recognize that the failure of the labor movement and of other community organizations to support the President's peace efforts with an adequate and convincing factual information program needed to raise the level of the public understanding has handicapped the administration. We must intensify our educational efforts so that our members and the people in the communities where we live provide the President with the backing he needs for the achievement of disarmament with appropriate inspection and controls that will insure our national security in a peaceful world. At the same time it is vital for the interests of wage earners that we greatly expand our education efforts to secure an understanding within the community of the indivisibility of full employment, full production, and the struggle for peace and survival.

Solidarity through the United Nations

Empty, indeed, would be the hope for peace and survival except for the fact that a new world order is coming of age in the United Nations.

In the versatile, efficient, and wonderfully humane machinery of U.N. special agencies working in health, education, and other vital fields, mankind has fallen heir to world agencies and operations which are equal to the great tasks before us if we are equal to their utilization.

Fallout shelters, which at best could only preserve a few soul-stricken people on a scorched and poisoned nuclear earth in the horrible eventuality of nuclear war, afford less assurance of survival than the establishment of what President Kennedy has called a United Nations peace force.

In the Congo, the United Nations wrought what can only be considered a miracle. An army improvised overnight and flown thousands of miles into the center of a society dynamited into anarchy, prevented war and reestablished peace. Simultaneously, the United Nations civil service assembled and installed

the entire battery of governmental, health, and communal services for 13 million people in an area of 1 million square miles.

Nor should we neglect to acknowledge the service of the United Nations to the people of the world by its presence in the Gaza strip. Here, peace, however uneasy, is being maintained and, under United Nations direction, programs have been put forward which give hope to the victims of war and promise eventually to establish a community of nations in the Middle East that will make it possible for Syrians, Iraqis, Jordanians, Israelis, and Egyptians to join together in a common creative effort to make the desert flower, to reforest the hills and to reestablish in these ancient lands thriving centers of civilization worthy of the genius of the people who have been the source of our three great Western religions.

No human achievement approaches the record of the United Nations specialized agencies, the World Health Organization; Food and Agriculture Organization; UNICEF; the Children's Agency; UNESCO; the Technical Assistance Division; the Special Fund; or the refugee agencies in stamping out disease, in education, in the improvement of diet or the dissemination of knowledge.

Morality and imagination are combined as never before in the plan of Paul Hoffman, Managing Director of the United Nations Special Fund, for a decade of development whose practical and achievable goal is to concentrate the intellectual energy and physical resources of the nations of the world on the elimination of poverty, of disease, and of ignorance within the next 10 years.

Insolvency and the bill collectors very nearly closed the doors of what has been called the meeting house of the family of man.

We take note of the effort the UAW made to secure the prompt enactment of the bill to authorize President Kennedy to lend the United Nations \$100 million.

We commend the officers and staff who organized the "United Nations appointment" for 200 UAW members to meet with the leaders of the U.N. agencies as a first step in a UAW campaign to focus the attention of our members on the vital role of the United Nations in our lives.

The appointment of President Walter Reuther as adviser to the U.S. mission to the United Nations provides UAW members with an opportunity to relate their citizenship activities to the vital goals of the United Nations.

With the entire world, we were saddened by the death of Dag Hammarskjöld, a citizen of the kind of world in which we believe and an architect of the future for which all men of good will pray. We extend our deepest sympathy to his countrymen, the people of Sweden.

The worldwide freedom movement

World events have at least two main springs—the hope for peace and survival, but also the impatient appetite for freedom and its fruits.

Since the 51 member nations founded the United Nations on October 24, 1945, an equal number of countries have joined the family of nations, most of them new nations, born out of the drive for freedom and independence and dedicated to the proposition that all men are created equal.

Freedom road in Africa

The agony of Algeria, from which will soon emerge a nation consecrated to the ideal of national independence by the lives of hundreds of thousands of martyrs, is the climax to the liberation of a continent. In 10 years, the 225 million people who inhabit the African Continent have traversed two centuries of political evolution. Algeria, Tanganyika, the most recently liberated nation, will inevitably be joined—and soon—by Angola and the other Portuguese colonies, by South-West Africa, by Kenya, the Rhodesias, and Nyassaland.

Latin America

In Latin America, a different form of oppression is under siege and the transformation of the human condition from an unchanging poverty into an impatient participation in a broad moral and social movement is now in progress. The collapse of the Trujillo dictatorship, land reform in Venezuela, the direct confiscation of huge estates by peasants in Peru, the mobilization of the resources of the Brazilian people for an assault on the poverty of the northeast, are the signs that mark an unprecedented, hemispheric-wide march of people toward a genuine economic and political democracy.

Within the context of this movement, immediate decisive reform becomes a precondition for the conservation of the hope for a free society in many of the

nations of the Western Hemisphere. For, as President Kennedy has noted, referring not only to the individually wealthy, but to relatively affluent societies like our own: "If a free society cannot help the many who are poor, it cannot save the few who are rich."

Economics of freedom

But the struggle for freedom only begins with political independence. The 450 million people of the Republic of India have moved into position to challenge decisively the most ancient enemies of man—hunger, disease, and ignorance. Here, as in the United Nations, the hope for mankind is on trial. If the wide-ranging democratic planning for the Indian society succeeds, hope for democracy in this crucial area of the world will be more secure. Here our good wishes could be powerfully energized if only a portion of the unused resources of our economy were available as investment capital in the most ambitious democratic effort yet undertaken.

Human expectations, however, run at high tide not only in the new nations. A new regional society has appeared in the Common Market on the continent of Europe. Founded on the principle—which has not yet been implemented in the United States—of full employment and full production, the new Europe is out-running the United States in economic growth; and, under the spur of powerful free unions, wages are being raised, hours reduced, holidays and vacations enlarged, and the standard of living is improving.

Through the crack in the Iron Curtain

The democratic commitment, based on the belief that "numberless are the world's wonders, but none more wonderful than man," rejoices in the tide of freedom and seeks to ride it into the future. But even the rigidity of the totalitarian world has not been proof against the thrust of human hope. From the grim silence that once ruled behind the Iron Curtain, there now comes the sound of many voices—speaking of Polish freedom, renewing the expression of the yearning for liberty in Hungary, questioning the dogma of the regime and its propaganda about the reality outside the walls of the closed Communist society. Cracks in the Iron Curtain are widening so that people and ideas, as well as light, are beginning to get through. The unity of the Communist conspiracy has been weakened—bamboo and iron have become increasingly incompatible.

Berlin wall of shame

Since our hopes and freedom and livelihoods are linked unbreakably to every life on the world island, we could not—if we wanted to—stand outside the struggle for survival or for freedom or bread, wherever it is engaged.

Thus, in Berlin, we renew the pledge of solidarity repeatedly given to the brave people of that outpost city in behalf of our Nation and our Union. The Berlin crisis must and will be resolved finally in the freedom and reunification of the German people in peace. The mortar has not been invented which will preserve the hideous, inhuman, Berlin Wall of Shame. Even now it is penetrated each day by the headlong gallantry of men and women and even children, in a life-or-death dash for freedom. Ultimately, the solidarity of the free people of the world, joined with the resolute bravery of the Berlin people, will reunite the families and the communities which are now divided by concrete block, bayonets, and barbed wire.

Leaders of the freedom march

Our faith in the solidarity of humanity gives us the right to hail the heroes of the worldwide freedom struggle as our own.

In the award of the Nobel Peace Prize to Chief Luthuli of the Union of South Africa, we read not only a personal recognition of a great man, but a pledge by the free people of the world to support the freedom movement wherever colonialism or privilege or tyranny or terror still rules.

To the thousands more that can be named, we give our thanks—those whose courage and devotion make them heroes in the struggle for life against death and tyranny, against hunger and disease, against ignorance and injustice. We salute them all—in India, in Peru, in Venezuela, in Brazil, in Cuba, in Berlin, in Algeria, in Angola, in the Rhodesias, in Tanganyika, and in South Africa, and in our own United States.

The United States in the world

Responsibility, however, does not begin or end with applause for victory or lamentations in defeat. As citizens of the wealthiest nation in the world, we have a particular responsibility to urge measures on our Government which will help realize the expectations of the people of the world for food, for shelter, for medical care, for education, for peace, and for freedom.

Equal opportunities

Under the leadership of President Kennedy, opportunities in the Foreign Service of the United States have been opened to Americans, without respect to race, religion, or national origin. U.S. missions overseas are beginning now to represent a cross section of the American people. Despite our failure to date to implement fully a program which would provide equal rights, equal opportunities, equal employment, and equal participation in the life of the Nation for every American—in the conduct of international affairs, our Government has nevertheless acquired a sensitive awareness of the relationship between moral behavior at home and moral pretensions abroad.

United States and the colonial powers

The realignment of the United States in the United Nations—so that today we speak in support of the just demands of the people of the colonial countries—has enabled our spokesmen to abandon the rhetoric cynicism for the language of freedom.

The appointment of G. Mennen Williams as Assistant Secretary of State for African Affairs and his dedicated involvement in African problems have been properly interpreted by Africans as a restatement of the best of America's democratic revolutionary heritage.

The Peace Corps

We, of the UAW, note with especial pride that the Peace Corps, which we have urged on our Government for more than a decade, was established by President Kennedy in one of his first acts after inauguration. In less than a year of trial, the Peace Corps has been hailed, even by those who ridiculed the proposal when it was first made, as the most successful recent innovation in international affairs. In the Peace Corps the idealism, the enthusiasm, and the special skills of our young people—and, increasingly, of older people as well—find expression in meaningful and valuable work side by side with the men and women in the new countries. The UAW worked closely with the administration in the preliminary preparations for the establishment of the Corps, and continues to cooperate with the agency by recruiting from our membership people with special skills which are needed overseas.

Food for peace

Food for peace, like the Peace Corps and the Disarmament Agency, constitutes a new direction in international cooperation. Food in excess of the needs of the market for U.S. farm products is considered, not as surplus, but as capital available to invest in the future of man. From 1945 through 1960, the United States distributed approximately \$15 billion worth of food overseas, but not until the food-for-peace agency was established was the main purpose shifted from the distribution of surplus foods to the investment of food as capital in land reform, in better agricultural methods, in education, in reforestation and in the strengthening of democratic institutions. The new concept has led to the conscious planning of our own agricultural activity to meet urgent nutritional needs in new countries and is today a significant tool in laying the foundations of new nations. Under the leadership of former Congressman George McGovern, a commendable effort has been made to secure the participation of nongovernmental organizations in the food investment program with the object of transforming a formal governmental activity into a truly people's activity. The American labor movement must take the initiative to create a proper structure for full and active participation in this food-for-peace program.

The members of the UAW and the delegates to our constitutional conventions have never been of the view that hungry people should have to qualify politically for food. Within the limits of our national resources we are deeply committed to a policy which provides for the relief of the victims of natural disasters and famines wherever and whenever they strike—in Chile or China, in Russia or Ruanda-Urundi, in India or Italy. For this reason, we especially welcome the recent affirmation of this traditional American policy by the AFL-CIO.

Economic development

The major U.S. agency for economic assistance to the developing nations of the world is AID, the Agency for International Development. Largely as a consequence of the urging of Senator Hubert Humphrey, whose intellectual leadership in the shaping of the Nation's development assistance programs has been of utmost importance, the AID program has shifted its emphasis from military to economic objectives, from the bartering for alliances to the encouragement of democratic societies. New directives specify that the Agency will give assistance to democratic institutions and organizations, and the reorganization of the Agency has been designed to channel more effort into education, health programs, cooperatives, land reform, and housing.

Alliance for Progress

President Kennedy's own announcement of the Alliance for Progress in the Western Hemisphere best describes the goals of the new assistance programs with its emphasis on activities designed to improve the lot of workers, peasants and students.

Unfortunately, the declaration of intention has not yet been translated into a powerful, grassroots effort which grips the imagination, the loyalty, and the participation of the people in the countries which receive United States and hemisphere assistance. In this effort, the willingness of the American labor movement to cooperate through its own international organizations, the International Confederation of Free Trade Unions, ORIT, and the International Trade Secretariats, has not been drawn upon to the degree a realization of the hemisphere goals requires.

People to people

Attorney General Robert Kennedy, in his encounters with Japanese and Indonesian students, demonstrated how powerfully effective direct and honest people-to-people confrontations can be.

These contacts should be greatly expanded with a new emphasis placed especially on exchange visits for workers, farmers, and students, particularly to Latin America, Asia, and Africa.

Parallel with this effort the U.S. Agency for Travel and Tourism should continue to be urged to promote travel both of people from other countries within the United States, and abroad by Americans of average incomes through a reduction of fares and through the development of low-cost tourist facilities. The UAW worker-to-worker travel program, which is writing a new page in the history of good-will travel by the local union president delegation to the ICFTU Congress in Berlin, is the type of purposeful exchange which deserves encouragement.

It should be noted that the UAW's international travel activities could not have evolved so rapidly and successfully without the pioneering of the American Travel Association which embraces within its cooperating organizations unions, teachers' organizations, farm groups, cooperatives, the European worker-travel organizations, and Histadrut, the Israel Federation of Labor. The fine working relationship the UAW has with this truly people-to-people organization should be continued and expanded.

ICFTU and IMF

Every development in recent history lights up the entry of the mass of the people on the international stage.

The door through which we have entered into the making of history is the trade union. In our own country, in Europe, in Asia, in Latin America, in Africa—the new leadership and the new policies are the products of the democratization of the society.

Through our unions, through our association with our brothers and sisters in the 60-million-member International Confederation of Free Trade Unions, through our participation in the dynamic worldwide organizing efforts of the 8-million-member International Metalworkers' Federation, we, the members of the UAW, together with the wage earners of the world, have a powerful resource in solidarity for the achievement of our historic goals.

We can reinforce the formal agreements between governments by joining hands in brotherhood with our fellow unionists in foreign lands. We can mobilize a worldwide unity to bring aid to oppressed wage earners wherever they may be.

Through the International Solidarity Fund we can multiply the number of schools where we are training democratic leadership who will fuse our morality with our technology to produce for all.

In this world that we can truthfully say we are helping to make, the democratic rights we have won give us new democratic responsibilities.

Through our union, the UAW, through the AFL-CIO, through our affiliation with the ICFTU and the IMF, through our union citizenship and education activities, we must take up the great challenges before us:

The challenge of survival;

The challenge of hunger, of disease, and of ignorance;

The challenge of tyranny;

The challenge of one world with peace, freedom and justice for all.

Mr. GOODMAN. My testimony will be based on the position taken in these resolutions and a statement of position on this subject taken by President Walter Reuther in a letter to the other body, which I will refer to later.

I quote briefly:

UNITED AUTO WORKERS AND WORLD AFFAIRS

We in the United Auto Workers know the importance of an interest in world affairs. Today the president of the UAW, accompanied by a number of its officers and 35 presidents of local unions, is in Berlin, expressing solidarity with the representatives of 65 million workers throughout the free world. Eighteen members of the AFL-CIO Executive Council, likewise, are in Berlin.

Because we know that the world is in a crisis of conflict between two systems of government, these union representatives are in Berlin to express trade union solidarity with the people in Berlin in their struggle to maintain freedom in that city; but they know, as expressed in their unanimously adopted resolution just 2 months ago in Atlantic City that, and I quote:

Survival depends on solidarity—on the solidarity of the people in the world through the United Nations.

They went further in their expression of hope for the future; they pointed out, and again I quote from the resolution:

Empty, indeed, would be the hope for people and survival except for the fact that a new world order is coming of age in the United Nations.

The resolution went on and spelled out the benefits and advantages which accrued to mankind from the functioning of the various affiliated bodies of the United Nations.

SUPPORT OF THE PURCHASE OF U.N. BONDS

All this requires money. The delegates to the United Auto Workers convention formally endorsed the position taken by the officers to the Members of Congress in support of the purchase by the U.S. Government of \$100 million of the U.N. bond issue. They said, and again I quote:

We take note of the effort the UAW made to secure prompt enactment of the bill to authorize President Kennedy to lend the United Nations \$100 million.

If I may insert at this point, they not only asked for Government funds in this field, but they voted a \$3 million fund of their own, which is recorded in the second resolution in the International Solidarity Fund which I gave you, for expenditure in the international field,

and may well be the source for the purchase of some of the bonds of the type that we are talking about.

So that they put up their own money out of their own resources, and they are not merely asking others to contribute.

They have proven their own willingness to put hard cash on the line.

Now, I come before this committee because of my personal experience in establishing a program of trade-union support for the Federal Government's sale of baby bonds, defense bonds, and war bonds during World War II.

PARTICIPATION OF ORGANIZED LABOR IN PREVIOUS BOND PLANS

Early in 1941, at the request of the Secretary of the Treasury, two representatives of organized labor were appointed as liaison officers with the Treasury Department to help formulate a program of sale of U.S. Government bonds to workers in industrial plants.

The late Mr. Gilbert Hyatt was appointed to represent the unions in the AFL, and I was appointed as a representative of the unions in the CIO. Right from the very beginning we merged our efforts, just as the CIO and AFL later merged into the AFL-CIO, to formulate what later came to be known as the payroll savings program.

LABOR AND THE DEFENSE SAVINGS BOND PROGRAM

In the spring of 1941, the trade-union program in support of defense savings bond program was announced and at this point, Mr. Chairman, I would like to give you the Xeroxed copies of the press release announcing this support.

I am sorry, they are not too clear.

May I loan you the original?

This one by William Green, this one by Phillips and Luhrsens of the Railroad Workers, and this one by Phillip Murray.

Senator MORSE. The press releases, as identified by the witness, will be printed in the record at this point.

(The press releases referred to are as follows:)

[For immediate release, Wednesday, April 9, 1941. Press service No. 24-51]

TREASURY DEPARTMENT

WASHINGTON

William F. Green, president of the American Federation of Labor, this afternoon promised Secretary Morgenthau that his organization would put its wholehearted support behind the sale of defense savings bonds and stamps. The new bonds and stamps will be ready for distribution and sale on May 1.

Mr. Green said that he intended to issue an endorsement of the defense savings program to all the AFL unions, and through them to their 4 million members. In addition, he offered to distribute pamphlets, posters, and other information to all AFL members, and to include news of the defense savings program in AFL publications. Mr. Green told the Secretary that he considered the financing of the defense program a noble cause which would appeal to the workingmen of America.

"Nothing could be finer for national psychology at this time," Mr. Green said to the Secretary. He added that he was sure the AFL unions would wish to buy savings bonds with their union funds and would also encourage their members to buy as individuals.

Secretary Morgenthau assured Mr. Green that none of the pressures exerted by employers on employees during the 1917-18 Liberty loan sales would be used in the present defense savings effort. The buying of defense bonds and stamps, he said, must be entirely voluntary.

At the end of their 15-minute talk, Mr. Morgenthau said that he thought Mr. Green's offer was highly encouraging for the success of the defense savings program.

Today's meeting was the first time that Mr. Green had ever visited any Secretary of the Treasury.

[For release, morning newspapers, Friday, May 2, 1941. Press service No. 24-95]

TREASURY DEPARTMENT

WASHINGTON

Civic organizations, business associations and labor unions the country over have been volunteering their aid in the defense savings program, the Treasury Department said today. In increasing numbers the groups have asserted their desire that the effort reach its goal of steady savings investment by most Americans so that their spare money can help meet the tremendous demands of national defense.

J. A. Phillips, chairman, and J. G. Luhrsens, executive secretary of the Railway Labor Executives' Association, representing the railway brotherhoods, called on Secretary Morgenthau Thursday morning to pledge the all-out cooperation of their organizations in the program.

They informed the Secretary that the following resolution had been passed unanimously Thursday at a meeting of the association: "*Resolved*, That the recommendation to assist and cooperate in every possible way for the distribution of these Government bonds among the railroad employees be wholeheartedly supported and endorsed."

Lew Hahn, general manager and treasurer of the National Retail Dry Goods Association has offered the services of its 5,900 store members in facilitating the sale of bonds and stamps.

In announcing that payment in cash of \$190,837,900 Home Owners Loan Corporation series L 5.8-percent bonds will be made on May 15, John H. Fahey, Chairman of the HOLC Board of Directors, said:

"It is gratifying that a liquidating agency of the Government which served a great public need in another crisis at this time can place this large amount of money in the hands of the public when it will add to the funds available for defense financing and thereby help in another and greater effort to preserve democracy."

The Treasury announced that Federal credit unions had been designated as agents for the sale of the new bonds. The unions have 4,000 member institutions throughout the country.

"Presence of the Federal credit union offices on the ground will bring the sale of these defense savings bonds and stamps directly to the great working industrial public," said C. R. Orchard, director of the unions. "Our members now have savings of approximately \$75 million."

The Women's Federal Savings & Loan Association of Cleveland, Ohio, did not wait for the campaign to open. Every member of the staff already had pledged the purchase of bonds before the opening of the sale.

Members of 545 local councils, Boy Scouts of America, are distributing 1 million posters calling attention to the defense savings program. The Scouts went into action under orders of Walter W. Head, president of the national council, after President Roosevelt had asked their aid. Late yesterday an emergency call from Chicago asked for 50,000 additional posters.

State-chartered banking institutions were enabled to act as agents for the sale of defense bonds by the terms of a special act just passed by the Wisconsin State Legislature and signed by Governor Hell, the Treasury was informed today. Rules were suspended to rush the legislation through.

Similar action is being taken in the Illinois and Michigan Legislatures. Legislative action is also pending in Massachusetts and New Jersey. The New York State Banking Commission authorized State institutions under its control to act as agents last week.

[For immediate release to labor publications, October 29, 1941]

TREASURY DEPARTMENT, DEFENSE SAVINGS STAFF

NEWS MATERIAL

THE DEFENSE SAVINGS PROGRAM

II. LABOR PLEDGES COOPERATION

One of the key groups in the defense savings program is organized labor, with its 15 million members in the Congress of Industrial Organizations, American Federation of Labor, railway brotherhoods, and unaffiliated unions. Leaders of these organizations, to which the defeat of Hitlerism is a necessity for their continued existence, early came to the support of the program with public declarations.

"* * * Such bonds offer an excellent way to invest savings, besides offering an opportunity for voluntary cooperation and assistance to the Government of the United States in a period of grave emergency," was the way Phillip Murray, president of the Congress of Industrial Organizations, pledged CIO support.

At its 61st convention in Seattle, the American Federation of Labor endorsed the defense savings program in a resolution which praised its dual purposes of aid for the defeat of Hitler and intensified savings for the postwar readjustment. The final clause of the resolution read:

"Resolved, That the American Federation of Labor endorses and applauds the voluntary principle upon which the program of defense savings is based and its approval is especially extended to voluntary payroll allotment plans as sponsored by individual unions and entered into freely in accordance with sound trade union principles."

Early in the program, James A. Phillips had spoken for the Railway Labor Executives Association. He said:

"Speaking for the railroad men of this country, I would say that we will buy defense savings bonds because each bond sold is a blow struck in the defense of our sacred freedom as a nation and the preservation of our democratic way of life. Through the purchase of these bonds and stamps the railroad men of America can help to give assurance to the struggling and oppressed workers of Europe and Asia that political and economic freedom shall not perish from the earth."

As rapidly as international conventions of constituent organizations were held, these groups also went on record with support for the defense savings program. In addition to such pledges, these unions immediately began the purchase of defense savings bonds, many of them to the limit allowed under the law. As organizations, they were giving their active support to the defeat of Hitlerism, in the full knowledge that the modern world "could not exist, half slave and half free."

Mr. GOODMAN. Labor not only endorsed the program, but it went to work to put it into effect.

PAYROLL SAVINGS PROGRAM

By midsummer, outlines of the payroll savings program had been worked out and a staff of three people were assigned the task of securing cooperation of the millions of members of organized labor in the purchase of defense savings bonds.

Many leaders of Government and the unions were skeptical about the results which could be achieved. Many fiscal experts predicted failure of the proposed labor-management program. Many economists stated as fact that workers had no funds with which to buy Government bonds.

All these experts were proved wrong.

In just a few months the details of the results, some of which I have with me in these detailed reports, which the chairman has seen, proved the large level of participation, and the high level of percentage of

payroll, which went into the purchase of defense and later war bonds, company by company, industry by industry, and I would like to say, Mr. Chairman, I am very proud of the fact that the more highly organized industries had the highest level of participation and the highest percentage of payroll deduction for bond purchases.

And those industries that were most notorious in their antiunion attitudes also were notorious in their failure to cooperate with the Government in securing the cooperation in this program. It is all proven here by the figures.

I would give you the details of the fascinating experience which resulted in the sale of billions of dollars of bonds to workers throughout the country set up on a continuing basis within 1 short year. But I would like to tell you just one brief experience with the staff of the United Auto Workers, the organization with which I am now employed.

When word came on December 7, 1941, of the attack on Pearl Harbor, a number of us were in conference at the Harvard Business School in Cambridge, Mass., planning methods of joint labor-management cooperation, in the whole war effort.

DRIVE TO REPLACE THE BATTLESHIP "ARIZONA"

The newspapers had on their desks that day a press release regarding the sales of defense bonds for the month of November, and the release stated the sales for that month had totaled \$233,487,000. The day after Pearl Harbor, the UAW announced that they would sponsor a war bond campaign among their members to finance the replacement of the battleship *Arizona*. Many skeptics wondered how long it would take for the goal to be achieved. Some predicted 6 years. The union officers, being slightly wary, predicted 6 months. But the fact of the matter is that the records—later assembled and included in detail in the confidential files which I have here—show that the workers in the automobile industry completed the campaign in 6 weeks, a short 6 weeks.

And I might interrupt to say at this point, Mr. Chairman, that this was a reflection of the trust and the regard of the membership in the leadership given by the officers, because the officers showed the way by taking funds out of the union treasury for these purchases and then sought joint labor-management presentations in announcements of these campaigns to our members, and they followed suit in large numbers.

The percentages run close to 90 percent of all the workers in our plant who were participating in this program within 6 months after its announcement.

A total of \$147 billion of bonds have been purchased to date and the current rate of purchase, steady since 1956, is \$2 billion a year, through payroll deductions.

I believe that labor will respond equally as vigorously to meet the financial crisis in the U.N. today as they did in December 1941, and the months which followed, to meet the crisis of the U.S. Government to finance the cost of World War II.

And I would like to digress here and say, Mr. Chairman, at this point, that we did not seek to substitute at that time the sale of bonds

for the contribution that the citizen was obligated to make to his Government through taxes.

This was a supplementary purchase, a voluntary, supplementary purchase, unlike that program of forced savings in the dictatorship countries, and we secured this high level of cooperation voluntarily, and I believe that this is an important point in drawing the distinction in your committee as to whether or not these funds are to merely supplement the U.S. assessment to the U.N. or whether or not they should be used, as I believe they should, to add new functions and new activities in the United Nations that will truly meet the desire of those who want to make voluntary additional contributions to expand the functioning activities of the United Nations.

UNITED NATIONS FINANCIAL CRISIS

The United Nations is in a financial crisis, of course, otherwise none of these measures would be needed. The U.N. is in a financial crisis because it is engaged in two policing operations that have proved a drain on the organization's revenues. When a police force runs out of funds, the logical question to ask is whether the policing operations which caused the deficit were necessary and were economically administered. One then should consider the alternatives. In the modern world can one do without a sheriff? Would some other method of law enforcement cost less? Should one abolish the police force because some members of the community cheat on their taxes?

UNITED NATIONS EMERGENCY FORCE OPERATIONS

Let us consider the two policing operations in which the United Nations is currently engaged:

(1) The case for keeping the U.N. Emergency Force in the Middle East is extremely strong. Disbanding that Force would remove the buffer which now exists between Israel and Egypt and would probably lead to the sort of hostility that has often disturbed that area and led to violence that endangered world peace. Hostility between the Arabs and Israel would inevitably lead to outside interference in the Middle East and would enhance the chances of demagogues to gain control of some of the governments in that area.

(2) The Congo is a parallel case. Organized government collapsed after independence because that country was not prepared for self-government. In the chaotic vacuum thus created, demagoguery ran rife and outside interference was invited. It is a fact that the Soviet Union actually delivered airplanes and military trucks to Lumumba in the Congo.

Had this state of affairs been allowed to continue, Soviet penetration would have increased. Inevitably, this penetration would have had to be countered; the heart of the African Continent is too sensitive and strategic an area to be surrendered by default.

But who could control such outside interference? Not allies in Europe because most of them had their own colonial mess. The United States could have intervened unilaterally; but financially this would have been much more expensive than the U.N. operation.

Politically, the cost would probably have been even greater. Every time an American boy—even if he were from our Northern States—

shot at a Congolese in self-defense or in defense of some missionary, Radio Moscow would have orchestrated a whole torrent of racialist accusations against this country.

The role of the U.N. in this area is characterized by the UAW resolution as a miracle. They said, and I quote:

In the Congo, the U.N. wrought what can only be considered a miracle. An army improvised overnight and flown thousands of miles into a center of society dynamited into anarchy, prevented war and reestablished peace.

What has principally angered some people in this country is that a number of U.N. members have refused to share the Congo costs. Some of these members are our allies, and they might reconsider their refusal to pay after the World Court rules—as it is expected soon to do—that the Congo costs are assessable against every member of the U.N. But those who have principally caused the U.N. deficit are the Communist nation members; led by the Soviet Union, they have refused to pay their share. It would be best if all members bore their proper share of the cost of each U.N. operation; but article 51 establishes the principle of action by a group of like-thinking members in self-defense, and in the Congo, a “like-thinking” group of members acted to defend themselves and the world against a Communist attempt to infiltrate and therefore create an explosive source of world tension in the heart of Africa.

In a sense, the Korean war was such an operation whose costs were not borne by every member in the organization. It would be nice but not very realistic to expect the malfactor who wants to break into the house to pay for the upkeep of the police force who prevents him from housebreaking. It is not very realistic to expect the Russians to pay for the cost of the U.N. operations which have kept them out of the Congo. But because they will not pay their share, should we then abolish the police force?

Last year, because of delinquencies in payments, the U.S. Government had to pay approximately \$57 million instead of the \$40 million that would have been our proper share had everyone else paid his share. But, if we had policed the Congo with 16,000 U.S. troops instead of 16,000 U.N. troops, we would have paid \$160 million last year, plus benefits over a long period of time to those veterans—not \$57 million. Even if we add the amount of the bond issue to the cost of a 2-year operation in the Congo, the cost would still be less than if the United States had put its own troops into the heart of Africa.

And if we think of the alternatives which were (1) to allow Russian infiltration, (2) prevent Soviet infiltration by the use of U.S. forces, and (3) to finance the U.N. operation to prevent Soviet infiltration into Africa, it is obvious that the third alternative is by far the cheapest financially and certainly the wisest for us politically.

COST OF THE UNITED NATIONS TO THE UNITED STATES

Actually, the U.N. is a tremendous bargain in terms of financial outlay for the United States.

I know this is contrary to the thinking of many people who oppose the U.N., but I do not think they have stopped to realize this fact, and, to understand it, one should look at the assessments or the mem-

bership dues that the United States has to pay for membership in the United Nations.

Over and above the union dues, the United States pays an assessment by making contributions to economic development that are truly part of U.S. foreign economic aid. Some aid, only 1.8 percent of our total aid given by the United States, is channeled through U.N. agencies instead of U.S. agencies. These aid contributions, with which we are not dealing here, amount to only 1 cent per person per week in the United States, but the membership dues amount to approximate (1) for the regular Secretariat budget, \$22,332,810; (2) for the Middle East Emergency Force, \$6,115,519; (3) for the police operations in the Congo, \$40 million; or a total of \$68,448,329.

The United Nations has 16,000 men in the Congo. Sixteen thousand U.S. troops, even if they were not fighting, would cost a minimum of \$160 million a year. While the United States has spent on all of these activities a total of \$413 million throughout the years, the Secretariat has, during the same period of time, spent over \$520 million in this country alone; so from a balance-of-payments point of view, the United States is ahead.

In addition, the delegations spend substantial sums of money in New York City and bolster the economy and the job opportunities there, and we know because we have many members working there, working for these delegations. But if the United States does not support the U.N. now in its present financial crisis, this organization will be dealt a crippling blow. It will have to suspend its operations in the Congo and the Middle East, but, even worse, the prestige and effectiveness of the U.N. will be crippled if it is refused help by one of the great powers that has enjoyed the most support for its own programs in the General Assembly. For we must not forget that on all really important issues, the issues of peace and security, a majority of the U.N. has backed the position of the United States 9 times out of 10, and this astonishingly high percentage of support has not diminished during the past 3 years when the great influx of new nations occurred.

The United Nations has been uniquely successful as an instrument for international cooperation and solidarity. Our convention noted this fact in their resolution when they said, and again I quote:

In this decade of development, the U.N. has called for a vast program of aid to the new countries and the deployment of forces to provide food, medical care, and education to the impatient two-thirds of the world's population who, having won freedom, now demand the harvest of well-being they experience as the fruit of their struggles.

Later they said:

United Nations surveys reveal the economic fact that 800 million people in the emerging nations of the world have annual incomes of less than \$100 per person.

Poverty is the worst counselor. It leads to desperation and to the search for illusory shortcuts that mean no more usually than resolution and an extension of the cold war. The U.N. with our help, has provided the most effective and least expensive form of economic development.

I would like to read a brief excerpt from Walter Reuther's letter, our president of the United Auto Workers, to the chairman of the

Foreign Affairs Committee of the House, on this whole issue, and again I quote:

We, in the American labor movement, do not claim that the United Nations will be set on a wide road to an easy final solution of the problems of the world by the enactment of the bill pending before your committee to authorize the United States to purchase \$100 million of United Nations bonds.

Nor do we challenge the good faith of these Americans who oppose this bill or who propose an alternate financial arrangement to the U.N.'s fiscal problems, although we are critical of their judgment and their computations.

We do not suggest that the United Nations will be dealt an immediate fatal blow by the rejection of the \$100 million bond proposal.

We do believe, however, that the calculations of those who oppose the bond issue are made in terms which are not commensurable with the problem.

I request that the entire letter from President Reuther to the chairman be placed in the record.

Senator MORSE. It will be inserted at this point.

(The letter referred to is as follows:)

INTERNATIONAL UNION, UNITED AUTOMOBILE, AIRCRAFT &
AGRICULTURAL IMPLEMENT WORKERS OF AMERICA-UAW,
Detroit, Mich., March 26, 1962.

HON. THOMAS E. MORGAN,
Chairman, Foreign Affairs Committee,
U.S. House of Representatives Washington, D.C.

DEAR CONGRESSMAN MORGAN: Against the advance of the science of cosmic calamity, the people of the world have one great bulwark, the United Nations.

I write you now to speak in favor of the \$100 million U.N. bond issue and for the deeply cherished hope lodged in the continuing work of the United Nations.

The million and a quarter members of the UAW share with the people of the world an uneasy apprehension over worldwide developments in the last decade. These developments give no one reason to believe that life on this planet, as we know it, can survive without the most dedicated commitment by each individual citizen to a new sense of international responsibility and morality.

But our personal and historical experiences warn us that the idealism of the people of the world will vaporize in the final blinding light of a nuclear explosion unless we strengthen the social and political instruments by which we can achieve a just and peaceful world.

The struggle for peace in a world, one-third free, one-third captive, and one-third in suspense, we are well aware, is a many-factored effort complicated by 120 sovereign national states insecurely associated in an unstable and volatile world where hunger, disease, and ignorance are more often the rule than the exception.

We would be in an even more desperate situation now, except for the fact that the United Nations was brought into being 16 years ago as the expression of age-old longing for peace and in reaction against the horror of the most devastating and the cruellest war in human history. Today, after a sequence of hard trials, the United Nations still survives and in its continuing effort manifests the almost indestructible determination of human beings to persist against every discouragement in the search for social organizations that correspond with their ethical convictions.

We, in the American labor movement, do not claim that the United Nations will be set on a wide road to an easy final solution of the problems of the world by the enactment of the bill pending before your committee to authorize the United States to purchase \$100 million of United Nations bonds.

Nor do we challenge the good faith of those Americans who oppose this bill or who propose an alternate financial arrangement to the U.N.'s fiscal problems, although we are critical of their judgment and their computations.

We do not suggest that the United Nations will be dealt an immediate fatal blow by the rejection of the \$100 million bond proposal.

We do believe, however, that the calculations of those who oppose the bond issue are made in terms which are not commensurable with the problem.

We do believe that the weight of a rejection of the U.N. bond issue will bear down heavily upon the United Nations and seriously impair its effectiveness in this critical period. It will weaken and hamper its efforts, and may set events in train that ultimately could transform the United Nations Building in New York into a mausoleum of human hopes comparable to the Palace of Nations in Geneva which once housed the League of Nations.

Without attempting to minimize in any way the imperfections of the United Nations until now, there can be no question that it plays as important a role in our efforts to wage peace as our Defense Establishment. There can be no question that our hope for avoiding war and for the ultimate prevalence of freedom, depends as heavily on the General Assembly as on our missiles. In this context debater's tactics and semantic jockeying over the ultimate cash advantage over one method of financing the U.N. as against another are unseemly.

The fact is the United Nations and our representatives there have themselves determined that the bond issue now before the Congress for consideration is the most effective way of maintaining U.N. solvency and for averting a financial crisis which would jeopardize the U.N.'s effectiveness as an instrument for world peace.

Our national administration has assured the American people that the bond issue, as proposed in the bill before you, promotes our national interest better than any other alternative. In reality, the choice now is not "Yes" or something else, but "Yes" or "No". In this circumstance, surely it is incongruous to split statistical hairs in an effort to establish irrelevant, hypothetical savings as an argument for a method of financing that has not been proposed to us by the United Nations, and which, at best, would require a long period of debate during a period when time itself is unraveling and the peace of the world is eroding in Africa, in Berlin, in Asia, and perhaps in our own hemisphere.

For these somber reasons, it is inappropriate for one side to score political points against the other side on the basis of dubious arguments about which is the better method for encouraging self-reliance and sound credit practices among the nations of the world now in arrears on the U.N. books.

It is the judgment of the men and women in the American labor movement that the deficiencies and delinquencies of other nations with respect to the U.N. are a challenge to us to strengthen the world organization and not an excuse for diluting our own commitment.

During the last year the U.N. has demonstrated its effectiveness in such explosive situations as the Congo—where without U.N. intervention, chaos and civil war would have resulted and the peace of the world would have been in grave jeopardy.

The most significant advances made toward peace and justice in the world have been in those areas where the world community has worked through the United Nations. Through the U.N. the free nations of the world have won new allies in the commitment to the principle of world order, have rebuffed Communist efforts to emasculate the U.N. ability to act to carry out the will of the people of the world, and have frustrated the Communist attempt to subvert the possibility for a rule of justice in the Congo.

Simultaneously with the direct Communist attacks on the integrity of the United Nations, there has been a parallel effort to reduce the U.N. ineffectiveness by cutting off its funds.

Thus, the Soviet bloc has refused to contribute any financial support to the U.N. forces in the Gaza strip or in the Congo, despite a specific initial Soviet vote in favor of a U.N. Congolese force.

Under the rules governing the United Nations, the Soviet powers can now refuse to pay the cost of these special programs without jeopardizing their standing or vote in the U.N. organizations.

However, any nation which falls 2 years or more in arrears in the payment of the regular assessments for the maintenance of the U.N. is suspended and loses all its rights as a member organization.

By making use of this principle, the proposed United Nations bond issue would present the Soviet bloc with the choice of paying its share of the cost of the Congo and Gaza strip programs or, in effect, withdrawing from the world organization.

What has made it possible for the non-Communists in the United Nations to compel the Soviet bloc to pay up on its obligations or to get out is the rule which excludes the possibility of a Soviet veto in U.N. administrative decisions. Free from the paralyzing effect of the veto, the General Assembly of the United

Nations voted to issue \$200 million in bonds to pay its debtors, restore its solvency, and to finance its continuing activities. These obligations will be repayable over a period of 25 years at 2 percent interest. Income from assessments on all the members of the U.N. will furnish the funds to pay off the bonds and interest.

Two years ago, speaking before the AFL-CIO international affairs conference in New York, I declared that each dollar we spend through the United Nations in the struggle for a world we can live in, is worth \$10 spent unilaterally.

In the 2-year interval the exchange value of money spent through the United Nations has, if anything, increased.

In summary, I hope you will note that by the purchase of the bonds, the United States will actually reduce its share of the cost of U.N. peacekeeping efforts from 47.5 percent to 32 percent as the procedural rules which will be written compel the Soviet bloc to pay its proper proportion of the U.N. budget.

In the past, the United States did purchase U.N. bonds to make possible the erection of the U.N. building and you know, of course, that the U.N. met the payments on these obligations punctually.

It is also our belief that the preponderance of Americans take for granted that the financial advantages of the bond issue are relatively unimportant when compared with the overwhelming need of the world for the effective and solvent operation of the United Nations.

For all these reasons we hope the apparently technical provisions of this legislation will not obscure its vital importance to the people of the entire world and that the Congress enacts the necessary enabling legislation without delay.

What the Congress is considering now is a proposal to lend the United Nations a sum that is less than the amount spent last year by some American corporations to advertise soap. It is less than one-tenth of the profits of certain other American corporations last year, a fifth of 1 percent of the cost of sending a man to the moon.

Actually, what the United Nations has requested and the President has urged on us is, in effect, that each American lend the United Nations approximately 55 cents, which the United Nations will repay.

We in the labor movement sincerely hope you will keep before you these two choices in the balance: One choice, 55 cents from each American for the United Nations; the other choice, serious impairment and possible destruction of one of the great pillars on which our hope for peace and survival rests.

Sincerely yours,

WALTER P. REUTHER, *President.*

Mr. GOODMAN. In conclusion, Mr. Chairman, I urge the committee to vote favorably on S. 2818 so that thousands of U.S. citizens, either individually or through their organizations, through such techniques as we used in the war bond program in 1940, may have an opportunity, if they so desire, to identify their support of the United Nations through the purchase of peace bonds directly from the U.S. Treasury.

Senator MORSE. Mr. Goodman, you have given us an excellent statement.

I have not any doubt that if the opportunity to buy United Nations bonds were made available to the American people, there would be the kind of success that you have testified you believe will occur in this country in regard to their sale.

You were at the hearing this morning.

I have only one question that I think I would like to have you make on record.

RECOMMENDED MODIFICATION OF THE BILL

What recommendation would you make to the committee for modification in the language of the bill that would accomplish the broader purposes of the bill which your testimony shows you think should be made available in the expenditure of these funds?

Would you recommend that the bill be modified so it clearly states that the purpose is to give discretionary power to the President of the United States to spend the bond fund for activities of the United Nations over and above the activities that are authorized and for which funds are appropriated by the Congress?

U.S. ASSESSMENT TO THE U.N.

Mr. GOODMAN. Before I answer that directly, I would like to state my position regarding the whole question of the U.S. assessment to the U.N. because it seems to me that very fundamental here is the question of ability to pay.

If the United States were paying under a formula of ability to pay its assessment, in my opinion, it would be much larger than its present assessment.

The reason for that is that a minimum fee has been set for the smaller and poorer nations, and, in order to fit the United States into the formula, actually we benefit and do not make as great a contribution as ability to pay would establish as our total, if we were to meet that formula.

Therefore, I think the United States is actually paying less today than a fair standard or record would determine. But I believe that, having lived under this formula for a period of years, that it would be difficult and probably undesirable to try to change it at this time, and I would hope that the committee would put into the language of the bill or into the legislative history the true intention of the supporters of the bill, as I know to be of our organization, that it would be possible for the President to allocate these funds to additional functions and activities to strengthen the United Nations, to expand its activities as a peacemaking and economic-developing agency, and make it possible for the wishes of those who are seeking additional support of the U.N. to be achieved.

MODIFICATION OF THE BILL

Senator MORSE. I have one problem which I think ought to be mentioned in connection with this suggestion of yours.

I think the United Nations are bound to be expanding. I hope 10 years from now the United Nations will be doing a good many things in addition to its present activities. But from the standpoint of the longtime U.S. support of an expanded program of the United Nations, do you not think it is desirable that we draft the bill in language that will require congressional authorization and approval of the programs for the support of which the President is authorized to use the money, even though we may have an educational job to do here in the Senate in getting a majority vote for the sponsorship and authorization of those programs?

RESTRAINING PRESIDENTIAL POWER

Before your answer, let me make this additional comment in explanation of my question.

There is a very strong feeling in the Congress, and I think it is growing, that we must place more and more checks on Presidential

power; that the Chief Executive of this country has already been given too much power in respect to the expenditure of funds, in respect to taking us into situations before the fact and then coming to the Congress for approval after the fact.

We mentioned this morning the contingency fund problem. It happened to be my amendment in this committee that reduced the President's contingency fund in the foreign aid bill this year from \$400 to \$300 million. If I could have gotten the votes, I would have reduced it to \$200 million or to \$100 million, because it takes him such a short time to present his case for the need for any funds.

And with the world situation such as it is, there is a considerable point of view in this country that a close check should be kept on the President, no matter who he is, as far as the exercise of discretionary power is concerned.

As one who is so sympathetic to an expansion of the services of the United Nations, I make these comments for your reaction, because I think it would be very unfortunate if we lost the bill because we did not modify it to maintain checks on the President. I doubt very much if you could get a bill passed, certainly in this session of Congress, unless it contained checks on the President. That is my speech.

Mr. GOODMAN. I would defer to the distinguished dean of the law school in the constitutional knowledge of this problem of checks and balances of our Federal Government. But it seems to me that we have a slightly different problem here.

This problem is, How do we implement the desire of Mr. Joe Doakes, ordinary citizen, no power or function, who wants to show through his own personal purchase of a bond his desire to help the United Nations.

Now, if the committee so desired, rather than put the authority in the President of the United States as to the allocation of the fund, because of his many other duties, it would be perfectly proper, in my opinion—I have had no chance to check this with any of our officers—to put the authority in the hands of the U.S. Ambassador to the United Nations.

This fund should be allocated to the best use of the United Nations.

It would seem to me that that is the desire of the individuals and the organizations who, by buying the bonds, want to indicate their desire for greater assistance to that organization in the present chaotic world.

Therefore, I would agree that if there is a feeling in the Congress that too much power is being concentrated in the hands of the President, or that he is too busy with too many other details, a different designation could be made.

But is not the problem really that of how does simple Joe Doakes on the street corner have an opportunity to walk up to a bond window and say, through his purchase of a lower interest rate bearing bond, "I want the world to know that I support this organization."

That is what we did through hundreds of thousands of rallies and campaigns in 1940 and 1941 and 1942 in developing support for the war effort, and I believe that you could find in the labor movement and in other organizations equal ardor and equal effort to say, "I want my vote recorded, my assistance recorded, for the peace effort."

And I am very pleased, therefore, having been through the baby bond and the defense bond and the war bond, to be testifying here today for the peace bond.

Senator MORSE. I want to say, Mr. Goodman, I am delighted to have this testimony of yours in the record. It is going to be very helpful to us.

Thank you very much.

INTRODUCTION OF MR. EICHELBERGER BY THE ACTING CHAIRMAN

The next witness will be Mr. Clark M. Eichelberger, executive director, the American Association for the United Nations.

While Mr. Eichelberger composes his views for a moment, because I know him to be a modest man, I would like to have this record contain these comments from the acting chairman.

I doubt very much if it is possible for all the supporters of the United Nations in the United States to really adequately appreciate the dedicated service that Mr. Eichelberger has given to the United Nations since its formation, and prior to its formation.

This witness is one of the most dedicated men I know in the field of American foreign policy in his relationship with the work of the United Nations.

He was very active in the formation of the United Nations, and he has served as counsel and adviser to members of this committee time and time again.

There has not been a single U.S. delegation to the United Nations that has not benefited very much from the knowledge and advice and counsel that Clark Eichelberger has given to them over the years.

Therefore, I want to say to you, Mr. Eichelberger, it is a great pleasure for me to welcome you to this hearing this afternoon.

You have heard the discussion this morning.

I do not know of anyone who is better qualified to straighten out some of the confusion that I think exists in the record as of the moment, and to give us the benefit of judgment as to what changes, if any, ought to be incorporated in this bill to accomplish the purpose that those of you that are sponsoring the peace bond movement have in mind.

You may proceed in your own way.

STATEMENT OF CLARK M. EICHELBERGER, EXECUTIVE DIRECTOR,
AMERICAN ASSOCIATION FOR THE UNITED NATIONS

Mr. EICHELBERGER. Thank you, Senator.

(The complete prepared statement of Mr. Eichelberger is as follows:)

STATEMENT OF CLARK M. EICHELBERGER, EXECUTIVE DIRECTOR, AMERICAN ASSOCIATION FOR THE UNITED NATIONS

Mr. Chairman, I am delighted to appear in support of S. 2818, a bill to provide an opportunity for the public to provide support for the activities of the United Nations by the purchase from the Treasury of United Nations peace bonds and to authorize the issuance of such bonds.

I appear as an individual because the board of directors of the American Association for the United Nations has not had an opportunity to express itself and the association as an educational organization does not as a rule support legislation. However, I think I can say that this resolution would have the overwhelming support of the officers of the association and its membership.

The desire of the public to participate in financing the United Nations is irresistible. Some \$150,000 has been sent directly from American citizens to the United Nations. Unfortunately, if the donor does not indicate to what program of the U.N. his contribution is to go, it must go into the general treasury and thus reduce the regular dues member nations must pay. This \$150,000 is in addition to the large contributions which Americans make to UNICEF, to the UNESCO gift coupon program, etc.

And I think it is good for Americans to realize that this same desire to help the United Nations financially is to be found in some other countries. For example, last year the British people contributed \$650,000 to the famine relief fund in the Congo.

Our association receives various letters from people who wish to purchase United Nations bonds, or who offer various schemes for public participation in United Nations financing. It is not by accident that the United Nations Charter, after some debate at San Francisco, begins with the phrase, "We the peoples of the United Nations * * * instead of "We the high contracting parties * * *." It is very encouraging that so many people wish to have a part in financing the United Nations.

Looking into the future, it is clear that the United Nations is going to need a very much larger budget than it now has, if its program is to grow to meet the larger challenges which the world situation presents. This is particularly true if a real United Nations police force is to accompany worldwide disarmament with adequate inspection and control. The American Association for the United Nations, through its research affiliate, the Commission To Study the Organization of Peace, has studied and will continue to study means of independent sources of income for the United Nations.

Obviously, the bill S. 2818 is not the final answer to the whole question of United Nations financing, but it is a breakthrough in that it enables the public to express its support of the United Nations in this way. This is not a bill to authorize the public to purchase United Nations bonds directly. If it were, I would be opposed to it because it might give governments an excuse to avoid their obligations on the ground that citizens were going to cover them. However, this is a bill to enable the public to purchase peace bonds floated by the U.S. Government, the funds from which would go into a special fund on which the President could draw by authority and upon his discretion.

There are three kinds of United Nations budgets: the regular budget; the emergency budget for peacekeeping operations, such as in the Middle East and in the Congo; and the budgets to which contributions on the part of governments are voluntary. I assume the funds realized from the sale of peace bonds would not be used to take care of the American contribution to the regular budget, which would continue to be authorized by the Congress.

In summarizing, I congratulate the sponsors of this resolution for having sensed the desire of the American people to participate in financing the United Nations. This resolution, if passed, would make it possible for many American citizens to have a sense of more direct participation in the United Nations by assisting in its financing through the purchase of peace bonds. Indeed, it might stimulate other countries to follow a similar policy.

Mr. EICHELBERGER. I will be very brief, because I would like to confine myself to some of the questions and points that came up this morning.

I would like to begin by congratulating you, Senator Clark, and other members of the committee, for this resolution. I think it is very significant.

Senator MORSE. I do not happen to be a cosponsor of it.

Mr. EICHELBERGER. I thought you were. I am sorry.

Senator MORSE. No. I do not happen to be a cosponsor of it, Mr. Eichelberger. I must have been too busy for them to reach me.

DESIRE OF THE PUBLIC TO HELP THE U.N.

Mr. EICHELBERGER. I think one of the important facts about the bill is that it provides a way of expressing the almost irresistible de-

sire of the public in this country—and it is a sentiment in other countries, as well, although it does not come under this bill—to help in United Nations financing.

Some of the Senators this morning were questioning how much people would actually contribute.

I wonder if they realize that the United Nations has had over \$150,000 mailed to it by American citizens who said: "We want to help the United Nations directly."

Of course, if a check goes out to the United Nations and it is not earmarked, it goes into the General Treasury, and thus cuts down the dues that governments would pay, rather than increasing its income.

The vast majority of those checks were properly earmarked for Hoffman's fund for expanded technical assistance and so on, and I think it is healthy for us to realize that that sentiment exists in other countries, even though it does not come under this proposed legislation.

The United Nations has had \$800,000 contributed to it abroad, of which \$650,000 were contributions of the British people to help the United Nations in its fund for the elimination of disease and starvation in the Congo, a remarkable contribution from the United Kingdom.

Almost every day, Senator, letters come into our office: "How can I purchase U.N. bonds? How can I contribute to the United Nations?"

I do not know how a certain radio commentator found where I was staying this morning, but early this morning I had a telephone call from someone who said, "I read the story in the paper about the action of the House yesterday which would block all contributions to the United Nations. What can we do to help? Is it possible to start a worldwide stamp plan to raise money for the United Nations?"

It is not practical, but those are all indications of a desire on the part of people to contribute to the United Nations directly.

I think, of course, it is a reflection of the fact that the United Nations, much more than the League of Nations, seems to be a people's movement. It is not an accident that at San Francisco the liberals won out over the traditionalists and the charter began with the phrase, "We, the peoples of the United Nations," instead of, "We, the high contracting parties."

I believe that there is an almost irresistible desire on the part of the American people to contribute to the United Nations directly, and I have no doubt a bit but if this bill is passed, the Treasury would be surprised at the number of people who would like to purchase United Nations bonds.

IMPORTANCE OF THE PROPOSED LEGISLATION

In the first place, I would like to say that I think the importance of this bill is that it somehow is recognizing a public desire to participate.

Sure, it all comes out of the Treasury of the American taxpayer anyway, whether Congress taxes him to pay dues to the United Nations or whether the taxpayer gives money directly, but there is a psychological desire for participation and identification, which I think is very helpful.

I realize that in time to come the whole question of United Nations financing has got to be considered on a very broad basis.

I think it is something that you and others here might be addressing yourselves to, if you had time, and I understand that Senator Hickenlooper raised the point this morning about direct contributions or direct purchase of U.N. bonds.

I think we all realize, you said so a moment ago, that as the work of the United Nations grows, it is going to need a great deal more money, particularly if we have total disarmament with the United Nations Police force and adequate inspection controls.

We will be in an era of billions instead of millions.

At the present time governments will vote any amount of money for an out-of-space shot or for a new cruiser and then hesitate terribly for a few million dollars for the U.N.

That is a comparison of our peacetime thinking over a long period of time.

We will eventually come out of that.

AN INDEPENDENT INCOME FOR THE UNITED NATIONS

I know that the Brookings Institution and our association, I know a great number of people and organizations, are addressing themselves to the question of a direct source of income to the United Nations.

I would not object a bit if the United Nations had its own bond issue in time, that people would find some way of contributing to the United Nations directly.

I would not object a bit, as was said this morning, if a reserve in the International Bank were earmarked to the U.N., if there were a tax on some of the services that the U.N. is performing.

It is performing tremendous services and it should reach some revenues from that.

I can conceive of the time when the United Nations would have a very large independent income, in addition to what governments would give.

I realize this bill does not meet that, but I think this bill starts the thinking along that line. I could sense that in even some of the more critical members of the committee this morning.

So if Senator Hickenlooper were here, I would say I would have no objection for the U.N. making it possible for individuals to participate in its financing, but that is something that has to be thought through very carefully. Governments must determine that they are willing that the U.N. have its own funds besides what the governments give. It is not anything that could be passed immediately.

It is something for long-range thinking.

It is something that does not in any way take the place of this.

DIVISIONS OF THE U.N. BUDGET

Now, as I see it, the U.N. budgets can be divided into three divisions.

There is the regular, normal budget, and I would assume that this legislation would not apply to that particularly; that the President would not be expected by Congress to dip into this fund to relieve Congress of the need of voting the regular budgets for the United Nations.

But then there are two other United Nations budgets, and here I think your questions have been directed to, and Senator Sparkman was referring this morning to the peacekeeping operations of the United Nations.

There is an interesting area that has just arisen.

Now, the United Nations has said, and the Soviet Union and others have objected, that these peacekeeping operations, these emergency operations, were charged in the regular budget, and I presume the World Court will give a decision next week, and I think all of us hope it will be a decision in favor of the ruling of the General Assembly.

AUTHORITY OF THE PRESIDENT TO USE THE FUND

But I can see—you asked the question of what authority the President should have—I can see that in an emergency he might want to dip into this fund, and then secure the approval of Congress afterwards.

Suppose that trouble were to develop today between the two states, Ruanda and Urundi, and the U.N. had to step in with a token force to keep the peace.

It has a hard enough time paying for these operations it is now doing, but suppose the peace of Africa depended on that quickly.

I think the President should have the right to dip into those funds to help in an emergency situation and then find some authority and approval afterwards.

Then there is the third budget of the United Nations where the United Nations determined what the items in the budget will be, but it depends on voluntary contributions, all sorts of relief and refugee problems and health problems, apart from the contributions to the general budget.

I think you have posed the most pertinent question of the day. That is, how much authority or discretion the President should have and how much he would be limited by congressional authorization.

I stand somewhere between those that think that he should have unlimited authority to use the money any way he wants to, and the rather restrictive interpretation that was given by State and Treasury.

I agree with you that in the long run our job is education, generally speaking, so Congress is willing that greater sums go to the United Nations, and you cannot shortcut it by giving the President authority to do things that he could not get congressional authorization for.

On the other hand, I think there is a marginal area in which the President should have authority in emergency situations.

I do not think, for instance, that he should have the authority to contribute to SUNFED when it is against American policy to be for SUNFED.

I am in favor of SUNFED, but until American policy is for SUNFED, there should not be a shortcut.

On the other hand, if a great emergency arose and the peace of the world might depend on the U.N. having to act quickly and having emergency funds, I think the President then should have authority to act by virtue of our own public policy, by his discretion, and the very obligations we have taken under the charter.

So I would say that the latter part of this resolution, I am sure Senator Clark and all would agree, the hearing today has been very helpful in giving some guidelines for the provision of that.

I think it has to be done very carefully so that the proper congressional authority and authorization is maintained, and so that the President has some general discretionary authority, which I think the public, who would purchase the bonds, would want.

It may very well be that there will be people who will want to contribute directly to the obligations of the U.N. and not be limited by congressional authorization.

That would involve direct contributions to the United Nations, which is something to face when all of us face the broader question of a larger source of income for the United Nations.

Senator MORSE. It is a very, very helpful statement.

MODIFICATION OF THE LEGISLATION

Mr. EICHELBERGER. I would like to supplement my statement with some comments as a result of the hearing today, if that is not second-guessing.

Senator MORSE. I was just going to say—you are ahead of me—that I would like to have a supplementary prepared statement from you—and, as it was ruled this morning, this record will be kept open for a week. I also would like to have you, along with such advisers as you might want to call in, take this bill, and in light of the discussion that we have had today, make some suggestions for redrafting the legislation in case the committee decides this step would be wise.

Since the noon hour I have talked to three members of the committee, and they expressed the view that some redrafting was necessary.

I have not had a chance to see Senator Clark, because he left to go to Pennsylvania, but I shall see him when he returns.

I want to carry out the objectives of the bill as far as my own senatorial position is concerned. I want to change the language form in order to get that one vote over 50 percent. That is the only vote that is important.

Mr. EICHELBERGER. Right.

Senator MORSE. And also my record consistently over the years has been one of trying to see to it that we work the check-and-balance system. In the long run I believe that is the best way to support the program.

If you keep that system working, you will have much less trouble with any program than you would have if you tried in some way to circumvent it, and I know you have no intention of doing that.

However, I fully appreciate this last point that you have made in regard to this area of giving the President emergency power, which is what we would do with our contingency fund. But even in connection with the contingency fund, we have certain restrictions that we impose on the President, and I think at least those ought to be incorporated in this bill, and I have no doubt they would be.

So I hope you will give a little more thought to that. You can either make this part of your supplemental statement for the record or you can send it directly to the committee for our consideration in executive session when we discuss the bill.

Mr. EICHELBERGER. I might do both because if this is only open for a week, it will take a little longer than a week to consult with some authorities with whom I would like to consult.

Senator MORSE. You can do both.

I do not speak for the committee and I do not speak for the chairman. I am just acting chairman. But I think that the chairman this morning suggested a week, and I suppose he has in mind an adjournment date; if we are going to get anywhere with consideration of this bill in executive session of the committee, we ought to be in a position to start it shortly after a week has passed.

So let us have something in a week, and then later give us the additional memorandum that I have suggested.

(The above-mentioned supplemental statement is as follows:)

You have raised some pertinent questions, Mr. Chairman, concerning the interpretation of paragraph (c) of S. 2818, which states that the "Amounts realized by the Secretary of the Treasury from the sale of peace bonds shall be deposited in a special fund in the Treasury, and shall be available for use by the President of the United States in support of the activities of the United Nations."

You have raised the question as to whether or not the President can use this money for any United Nations purposes he wishes, at his own discretion, or whether any amount so used must follow congressional authorization. The witnesses that have appeared today on behalf of this legislation have taken quite different views. On one side are those who would like to have the money to be used by the President entirely at his own discretion and thus in effect make possible contributions to United Nations activities in addition to those authorized by the Congress. At the other extreme is the narrow interpretation of the Treasury that the President can use the money only to pay for United Nations expenses authorized by the Congress. In the latter case, practically speaking, there is not to much difference between money raised through taxation and money borrowed from the American public through peace bonds, which must be paid back at 2 percent interest. There is, however, an interesting moral difference. People who buy peace bonds will have a greater sense of participation in the program of the United Nations than otherwise.

This hearing, Mr. Chairman, shows that much thought needs to be given to the meaning of paragraph (c).

I wonder if there is not a middle course between the extreme points of view presented today. I do not believe that any of the money realized by the peace bonds would be used by the President to defray any of the U.S. share of the regular budget of the United Nations, which is voted by the Congress. And in the extraordinary items, items for UNEF and the Congo, for illustration, it is the position of the Government of the United States that such emergency peacekeeping expenses are as legally binding upon the members as the regular budget. The International Court of Justice in an advisory opinion on July 20 sustained this view. However, emergencies may arise suddenly. The peace of the world might depend upon the U.N. acting instantly. It might very well be that the fund at the disposal of the President from the sale of peace bonds be used by him in such emergencies in support of peacekeeping activities of the United Nations which are consistent with American public policy. Authorization for their use could be sought after the fact.

Let us assume, Mr. Chairman, that the peace of the world might depend tomorrow on the United Nations interposing a U.N. "presence" and a peace force between the two states that grew out of the trust area of Ruanda-Urundi in order to prevent violence. Such a step to be effective might need to be taken overnight. The President should be able to use money from the peace bond fund to help finance such emergency peacekeeping operations without having to seek the advance authorization of Congress.

It may be that some of the funds from the peace bonds will be used by the President toward payment of U.S. pledges to those parts of the U.N. budget where contributions are voluntary.

In summation, Mr. Chairman, in the main the funds from the sale of peace bonds should be expendable for purposes authorized by the Congress. But there should be room for the President to maneuver to make emergency con-

tributions. Within the realm of public policy the President should have considerable authority to use these funds for the maintenance of world peace.

Mr. EICHELBERGER. All right.

Senator MORSE. Thank you very, very much.

Mr. EICHELBERGER. Thank you, Senator.

Senator MORSE. Our last witness will be Dr. Paul Cooke, national vice chairman of the American Veterans Committee. Dr. Cooke, we are delighted to have you with us. You may proceed in your own way.

STATEMENT OF PAUL COOKE, NATIONAL VICE CHAIRMAN, AMERICAN VETERANS COMMITTEE

Mr. COOKE. Mr. Senator, this is AVC on the U.N. bond issue.

This is a statement of the American Veterans Committee before the U.S. Senate Committee on Foreign Relations in support of S. 2818, to authorize the Treasury to issue peace bonds to the American public.

My name is Paul Cooke. I am national vice chairman of the American Veterans Committee (AVC), an organization in which I have held voluntary elective offices for the past 15 years. At the District of Columbia Teachers College, Washington, D.C., I serve as acting dean and professor of English.

The American Veterans Committee appreciates this opportunity to express its views on the subject of the U.N. bond issue, especially on the question of permitting individuals to purchase bonds.

Our executive director, Mr. J. Arnold Feldman, appeared before this committee on Monday, February 19, 1962, to express the vigorous support of our organization for the proposed purchase of \$100 million worth of United Nations bonds by the United States. We are pleased that the U.S. Senate approved the resolution.

AMERICAN VETERANS COMMITTEE'S SUPPORT OF THE U.N.

AVC, which is an organization composed of honorably discharged veterans of World Wars I and II and the Korean conflict, has steadily supported the United Nations. Beginning with our first national convention in Des Moines, Iowa, in 1946, our platform has always contained a platform plank of strong support for the concept of peace through the United Nations. At our 14th national convention in Atlantic City last month, we unanimously adopted the following platform plank:

The United Nations continues to be man's best hope for peace, and support of the United Nations must be an essential part of our foreign policy.

At the same convention AVC'ers from many parts of the country approved a resolution entitled "The Purchase of United Nations Bonds by Private Individuals and Non-Governmental Institutions and Organizations." Part of this resolution, which in full is appended to my statement, supports the position that "the opportunity be given to the American public to subscribe to such bonds."

Senator MORSE. May I interrupt to say that the entire resolution will be printed at this point in the record.

(The resolution referred to is as follows:)

AMERICAN VETERANS COMMITTEE (AVC)

Washington, D.C.

AVC RESOLUTION ON "THE PURCHASE OF UNITED NATIONS BONDS BY PRIVATE INDIVIDUALS AND NONGOVERNMENTAL INSTITUTIONS AND ORGANIZATIONS"

(Adopted at the 14th annual convention in Atlantic City, June 1962)

The resolution by which the United Nations General Assembly authorized the creation and sale of United Nations bonds—Resolution 1739 (XVI) adopted December 20, 1961, authorizes the Secretary General to issue United Nations bonds in accordance with the terms and conditions set forth in the annex to that resolution.

Paragraph 7 of the annex to Resolution 1739 (XVI) reads as follows:

"The bonds shall be offered to states members of the United Nations and members of the specialized agencies and of the International Atomic Energy Agency, as well as to the official institutions of such members, and, if the Secretary General, with the concurrence of the Advisory Committee on Administrative and Budgetary Questions shall so determine, to nonprofit institutions or associations."

While at least one of the proposals relating to purchase of United Nations bonds presently before the Congress includes a provision that the opportunity be given to the American public to subscribe to such bonds, there is no certainty that such a provision will survive the legislative process. If such a provision is incorporated in the final legislation, the American Veterans Committee welcomes the provision, and urges the American public to subscribe, on whatever terms may be contained in the legislation.

The American Veterans Committee calls attention to the circumstance that, despite the activities of many groups whose aims include support of and strengthening of the United Nations, there has been as yet no concerted move to open the possibility of participating directly in the important activity of financing the United Nations to interested American private individuals, and non-governmental institutions and organizations.

The American Veterans Committee therefore calls for the necessary planning and negotiations with the office of the Secretary General of the United Nations so that, if there is no provision for public subscription in the legislation, a nonprofit association which will meet the criteria set forth in paragraph 7 of the annex to Resolution 1739 (XIV) may be promptly established, and so that interested individuals, institutions and organizations may be able to subscribe to the United Nations bonds.

The American Veterans Committee urges that the Federal Government take whatever action may be appropriate so that United Nations bonds in the hands of private individuals or corporations receive the same freedom from Federal income tax now granted to certain municipal securities, so that the 2-percent interest payable on the United Nations bonds may be tax free.

The American Veterans Committee announces its willingness to participate actively and to cooperate with other interested groups in the establishment of such a nonprofit association.

Mr. COOKE. Such an opportunity would be available if Senate 2818 introduced by Senator Clark, and supported by many other distinguished Senators, were to be approved by the Congress.

We have supported the U.N. bond issue for we consider adequate funds for the United Nations a significant factor for success of its program of peace among the nations of the world. We have supported the U.N. bond issue because this means of providing money for the U.N. operation is a reasonable proposal.

Now we support the legislation to make it possible for the individual American citizen to purchase peace bonds. Such action is evidence of further support for the U.N., is similarly a reasonable and practical financial proposal, and gives the U.N. a broad-base foundation and support not only from member states but from many individual persons who treasure this means to peace.

What is the question now? The question is no longer the matter of whether the United States should purchase the U.N. bonds, for the Senate has voted that.

May I observe parenthetically, of course, the House has not. But the question before this committee, at least, is purchase by individuals of the bonds. The question is on the bill to authorize such.

OPPORTUNITY FOR U.S. CITIZENS TO SUPPORT THE U.N.

AVC believes the purpose inherent in the legislation—to provide an opportunity for persons individually to support the United Nations—is sound. Persons should be allowed, in fact encouraged, to support the U.N. They can indicate their support of the U.N. They can indicate their support by using their money to buy the bonds. We consider the title of the bonds—"Peace Bonds"—symbolically appropriate. And we consider the handling of these bonds in the manner of the U.S. savings bonds and their issuance by the U.S. Treasury as entirely reasonable. The denominations of the bonds are such as to provide for real "grassroots support." Further, the long-term nature of the bonds and the relatively low rate of interest will both attract persons honestly in sympathy with the cause.

AVC, without any reservations, urges the Senate Foreign Relations Committee to vote support for S. 2818, to authorize individuals to purchase from the Treasury the U.N. peace bonds.

OPPORTUNITY FOR NONGOVERNMENTAL ORGANIZATIONS TO SUPPORT THE U.N.

I might add to that, Mr. Chairman, the reading of one passage from the attached resolution.

The resolution is entitled, "The Purchase of United Nations Bonds by Private Individuals and Nongovernmental Institutions and Organizations."

I read this provision because I believe that some of the Senators this morning, Senator Hickenlooper raised appropriate questions, and I wanted to indicate that AVC does support the sale of these bonds, not only through the Treasury of the United States, but would support it if it is possible for a nonprofit organization to be set up by the United Nations and for individuals to buy and to support the United Nations through this nonprofit organization.

Our resolution observed the legal machinery that the U.N. must go through, through its own resolutions and its own regulations, and then in the fourth paragraph I say:

While at least one of the proposals relating to purchase of United Nations bonds presently before the Congress includes a provision that the opportunity be given to the American public to subscribe to such bonds—

that is this bill here now—

there is no certainty that such a provision will survive the legislative process.

I do not want to put any dim on it. I have every hope that it will survive the legislative process, but we make the observation at this late time in the 2d session of the 87th Congress that it might not.

If such a provision is incorporated in the final legislation, the American Veterans' Committee welcomes the provision and urges the American public to subscribe, on whatever terms may be contained in the legislation.

Now, the next clause:

The American Veterans Committee calls attention to the circumstances that, despite the activities of many groups whose aims include support of and strengthening of the United Nations, there has been as yet no concerted move to open the possibility of participating directly in the important activity of financing the United Nations to interested American private individuals, and nongovernmental institutions and organizations.

The American Veterans' Committee, therefore, calls—

and this, of course, is not directed to this committee now—

for the necessary planning and negotiation with the Office of the Secretary General of the United Nations so that, if there is no provision for public subscription in the legislation, a nonprofit association, which will meet the criteria set forth in paragraph 7 of the annex to Resolution 1739—

that is the U.N. General Assembly's resolution setting out the issuance of the bonds—

may be promptly established, so that interested individuals, institutions, and organizations may be able to subscribe to the United Nations bonds.

I make that observation because I do not think it ought to be put, as it may have been suggested by one of the Senators this morning, on an either/or proposition. I do not know whether it is possible to have our cake and eat it.

In other words, I believe that it is possible for the U.S. Senate to go on and approve S. 2818 and make it possible for the American public to buy bonds through the Treasury as proposed in this legislation, and, at the same time, for other groups to persuade or to try to establish the nonprofit organization which would negotiate directly with the United Nations for the sale of bonds to people who would want to buy their bonds from the U.N.

Again, I say, I repeat myself, I do not think it is either/or.

I do not think the implication of the Senator's remarks that we must either possibly abandon the consideration in the Senate of S. 2818 and, therefore, turn to the nonprofit association—I believe it is possible to work along both roads.

So I would urge for the American Veterans Committee, Mr. Chairman, that the committee make every effort to approve this legislation that makes it possible for me as an American citizen to buy a peace bond from the U.S. Treasury just as I get savings bonds each month, but, at the same time, if I want to work for the nonprofit association any buy a bond directly from the U.N. through the nonprofit association, I would treasure that opportunity, too.

I urge you to consider that.

I am glad, Mr. Senator, that you have kept the record open a week or more, because there are quite a number of issues of authorization, of limitations of funds, that have been raised this morning and this afternoon that AVC has not had an opportunity to consider, and I would like to have time to consider it.

We have not reviewed this question of whether the money, for example, should be limited to peace and security, which Senator Humphrey mentioned this morning and Senator Sparkman, or whether the President's authorization should be limited, as there are other limitations in the contingency act.

We would like the opportunity to augment this statement with a further declaration of views within this period of time.

(The supplement referred to is as follows:)

AMERICAN VETERANS COMMITTEE (AVC)

Washington, D.C.

AVC ON THE U.N. BOND ISSUE—SUPPLEMENTARY STATEMENT

Gentlemen, the American Veterans Committee (AVC) presented a statement of its position on the U.N. peace bond legislation to the Senate Foreign Relations Committee on Thursday, July 12, 1962. On the questions that arose at the morning and after sessions of the committee's hearing, I am pleased to provide this supplementary statement in behalf of AVC.

The questions that arose are about authorization and appropriation, purpose, and use of the money, amount of money to become available, the relationship of the proposed U.S. bond issue to the United Nations bond issue, and to the existing U.S. appropriation for the U.N.

AVC sets forth views on these additional subjects and reaffirms its support of the U.N. bond issue and the U.S. peace bond proposal. In our first statement we attached a resolution indicating the position of AVC on the bond issue question, a position hammered out at our 14th annual convention in Atlantic City last month.

Authorization

The Congress should authorize the President to expend the sums from the \$100 million bond issue within the limits of a stated purpose, which the Congress should declare. Below, AVC suggests purposes and use of the bond issue money.

AVC has always supported the American Government and the Federal system of checks and balances. There is no need, we judge, to depart from these basic principles; we therefore urge authorization.

Appropriations

AVC urges, of course, that the Congress appropriate the sum of \$100 million for the purchase of that amount of U.N. bonds.

AVC vigorously objects to any action that might reduce the current appropriation of the United States to the U.N. as a member state contributing to the regular day-to-day, year-to-year operation.

Correspondingly, we should expect that the bond issue would render unnecessary U.S. appropriations for special U.N. operations like the Congo and Gaza strip projects.

The U.S. peace bond sale

The sale of the U.S. peace bonds by the U.S. Treasury, as proposed in the Clark-Kowalski legislation, would be a part of the \$100 million bond issue (purchased by the United States from the U.N.).

The amount of the public sale would not reduce the \$100 million U.S. bond purchase nor affect the amount of money that the United States would be making available to the U.N. by means of the purchase. The purchase by the public would be one way that American citizens might show their support for the U.N. Of course, every \$25 or \$50 or \$1,000 put into the bonds by the citizen reduces by that much the actual outlay by the Treasury.

Purpose and use for the bond money

AVC has strongly supported the organization of the U.N.; the work of the specialized agencies in health, food distribution, science, and education; the peace and security projects of the Congo, the Gaza strip, etc. Inasmuch as the problem of adequate financing for the U.N. has arisen out of the peace and security projects, we are especially interested in the bond issue money being used to pay for these costly but necessary projects. Likewise, we are vitally interested in the continuation and expansion of U.N. health-education-science-food and nutrition-culture program. And, of course, the Organization must be guaranteed the money to run from Monday through Friday and again on Saturday and Sunday.

The nonprofit organization proposal

AVC does not believe that we make a choice between the U.S. peace bond proposal and the possibility of sale of bonds by a nonprofit organization which may be authorized to purchase bonds from the U.N. Both are possible and must become, we have resolved in convention, a reality.

The United States can purchase bonds and sell them to citizens who want to buy them. Other persons can organize the nonprofit organization and sell

U.N. bonds. The United States need not wait for the nonprofit organization; the latter need not sit back for the Government to act.

Again, we note that no reduction in U.N. assessment and payment of ordinary member-state contribution should obtain for the United States should an American nonprofit organization be formed to sell bonds. We are essentially looking for ways to maintain the U.N. in adequate financial shape without undue burdens falling on our country—and not for ways to reduce our obligations at the expense of this world peace organization.

In summary, for the American Veterans Committee (AVC), I urge the Senate Foreign Relations Committee to approve and recommend the Clark bill, S. 2818. We have urged some changes in the proposal, an amended version that in no way would weaken its intent and possible accomplishment but would be consistent with the country's historical position on authorization. I have offered some interpretations and further suggestions to spell out purpose and use of the money accruing from bond sales—purpose and use to help the U.N. to continue both its forward humanitarian program and an encouraging peace-and-security operation.

At the same time, this country must not use the bond issue to reduce its net support in any fashion or to avoid its obligations. And the support of the U.S. peace bond sale is in no way contradictory of support of the sale of U.N. bonds directly by the U.N. to nonprofit organizations.

Yours truly,

PAUL COOKE, *National Vice Chairman.*

Senator MORSE. Dr. Cooke, I am glad to have this testimony, and I welcome a supplemental memorandum from you on any of the points that were raised this morning, and particularly on this last point that you raised yourself.

The record will be kept open until 5 p.m., 1 week from today, I now officially rule.

LEGAL OBSTACLES TO PASSAGE OF THE BILL

In closing this hearing, it might be helpful to those preparing supplemental memoranda if I make these comments:

First, let me say to counsel for the committee that I shall officially now request counsel for the committee to prepare a memorandum for the committee dealing on Dr. Cooke's query whether there are any legal obstacles that would be in the way of having S. 2818 in its present form passed, which provides for the sale of U.S. Treasury peace bonds, and, at the same time, have a procedure allowing voluntary, nonprofit organizations also to sell peace bonds.

I would like to have counsel also include in that memorandum, hypothetical as it is, the authority of the United Nations under the resolution passed in the last General Assembly to set up a program of bond sales in the various member countries.

(The memorandum referred to follows:)

Memorandum for the record.

From: Carl Marcy, chief of staff, Senate Foreign Relations Committee.

Subject: Response to questions posed during hearings on S. 2818.

Following testimony by the representative of the American Veterans Committee on S. 2818, the acting chairman, Senator Morse, requested the Foreign Relations Committee staff to prepare a memorandum on these two points: (1) whether there are legal obstacles to pursuing the course of approving the revised S. 2818—to authorize issuance and sale of peace bonds to the public by the U.S. Treasury—simultaneously with persuading or establishing a nonprofit association in this country to accept United Nations bonds, if offered; and (2) the authority of the United Nations under the resolution of the last General Assembly [1739(XVI)] to sell U.N. bonds to individuals in member countries. This

response is based upon information received informally from the Office of the Legal Adviser of the State Department and from the U.S. mission to the United Nations.

In answer to the first question, there appear to be no legal obstacles to the simultaneous course of action described above. On the other hand, certain relevant factors should be noted. Acting Secretary General U Thant is described as most reluctant to employ any means of offering U.N. bonds other than to governments and their official institutions. Apparently, only as a last resort would he seek the agreement of the Advisory Committee on Administrative and Budgetary Questions to offer the bonds to "nonprofit institutions or associations." The definition of this last phrase is not entirely clear, but it seems that an organization like the Ford Foundation was what the drafters had in mind. While it is most unlikely that U.N. bodies or individuals would pick out or seek to rule on the eligibility of any specific organization, it might be mentioned that there would be no legal objection in this country to the American Association for the United Nations filling the need contemplated by the AVC.

In answer to the second question, General Assembly Resolution 1739 (XVI) contains no authority for the U.N. to set up a program of bond sales to individuals in the member countries. Should direct sales to individuals be contemplated—and the U.N. Secretary General is strongly opposed to this concept—additional authority would have to be sought from the member countries in the General Assembly.

The pertinent paragraph 7 in the annex to Resolution 1739 (XVI) reads as follows:

"7. The bonds shall be offered to states members of the United Nations and members of the specialized agencies and of the International Atomic Energy Agency, as well as to the official institutions of such members, and, if the Secretary General, with the concurrence of the Advisory Committee on Administrative and Budgetary Questions, shall so determine, to nonprofit institutions or associations."

PEACE BONDS AS A SUBSTITUTE FOR CONGRESSIONAL APPROPRIATIONS FOR THE U.N.

Senator MORSE. Also I hope that in preparing memoranda for supplemental statements the sponsors of the legislation would keep in mind these points that are troubling me as acting chairman.

I am concerned about the possibility that a bond sales program might be used as a substitute for direct appropriations by the Congress for the payment of the costs of the so-called regular budget activities of the United Nations.

I am familiar with the way Congress sometimes makes use of what I, for want of a better term, call escape hatches. It has a responsibility to support the regular activities of the United Nations.

I think our testimony today shows that the sponsors of this bill want us to do more than that, that they think we should do more than that.

We should maintain the regular activities, but there are so many other needed services in the world that can be performed effectively by the United Nations that we need more money for those.

And it is very difficult to get the Congress to appropriate adequate funds, for example, for child care in some remote part of the world, for disease control, for some of our needed food programs, as contemplated by SUNFED.

Therefore, any material we can get into this record that will help us both procedurally and substantively in connection with using the money obtained from the sale of bonds for these very much desired, but over and above the so-called regular budget, activities of the United Nations should be included in these memorandums.

It also gives me concern in regard to the attitude of the members of the United Nations in connection with their payments of their official share of the costs of operating the United Nations.

PURCHASE OF BONDS BY CITIZENS OF FOREIGN GOVERNMENTS

Suppose, hypothetically, there should be set up a United Nations worldwide bond sale program among the citizens of the member countries.

Should the proceeds from those bond sales be in addition to the regular assessments that the member countries owe, or should the proceeds from those bond sales constitute a deduction of what each country would otherwise have to pay by way of its regular assessment?

We have to be careful, it seems to me, that we do not work at cross-purposes here.

PROCEDURE OF RAISING MONEY FOR THE U.N.

We are dealing in part with the procedural question of how to raise money for the support of needed United Nations activities.

We recognize that the procedure that has been followed heretofore of relying upon the countries to pay their regular assessments does not give us adequate funds to meet the needs of the United Nations when a Middle East or Congo-type emergency arises. Countries such as Russia, France, Belgium, and others take a position that they will decide for themselves whether or not they are going to support the peace activities of the United Nations. Thus we find them delinquent in their payments for supporting peace activities.

We somehow had better work out a procedure to go the bond route whereby it is made very clear in the legislation that the funds raised by the bonds may be used, not necessarily so, but may be used, for services performed by the United Nations over and above its services covered by the regular budget.

Mr. Eichelberger earlier this afternoon made mention of the special services of the United Nations that fall under the jurisdiction, as far as the American delegate is concerned, of the American official in charge of our share of it, Paul Hoffman.

That is the program that I referred to this morning when I said that at each General Assembly there is always a special pledging negotiating session to which all the member nations come. After discussion and negotiation each nation announces the amount of money that it is going to pledge to help pay the cost of those special services. It does not involve an assessment. That is all a voluntary matter.

We have been making a very large contribution to that program. Some of the other countries have not been making any, or very little.

What I am seeking to do, Dr. Cooke, is to point out here that we have to be careful that our bond approach does not defeat a much larger program represented by a very great need, and give the parliaments in the various countries an escape hatch using the bond sales as a basis for deducting from the appropriations that they otherwise would make.

PURPOSE OF THE LEGISLATION

One of the purposes of this legislation, if I understand it correctly, is to help enlarge the services of the United Nations in the fields in which we all know a service needs to be rendered, but for which there is no hope of such service under the present limited funds of the United Nations.

It is the feeling of the sponsors of this legislation that if you could get a bond issue program adopted, the hearts of the people of the world would respond to the need by causing the individuals to purchase the bonds for those special services.

I think that is all I wish to say by way of suggestion to the sponsors of this bill as to how they can be helpful to us by way of supplemental statements.

If there is not anything further, the hearing is closed and the record will be kept open for 1 week.

(Whereupon, at 3:45 p.m., the committee adjourned, subject to the call of the Chair.)

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